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# West Europe Report



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7 APRIL 1987

## WEST EUROPE REPORT

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## PAPANDREOU POLICY IN LAST RESHUFFLE, ND STANCE ANALYZED

## Left Seen Overtaken

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 8 Feb 87 p 48

[Article by Panos Loukakos]

[Text] Giorgos Gennimatas expressed in PASOK the so-called leftist tendency. Menios Koutsogiorgas expressed the rightist tendency, combining it with a peculiar anti-rightest oratory. Akis Tsokhatzopoulos expressed Andreas Papandreou. A group of left-turning ministers, deputies and PASOK cadres were coalesced around Gennimatas; another, right-turning group around Koutsogiorgas. Tsokhatzopoulos, as a first-rank minister, had his own political clientele. No one, of course, questioned Papandreou's sovereignty in PASOK and the government. But somewhere some of those participating in the various groups had begun to "whisper" something about the "post-Andreas" era and course of PASOK, and whether its leader would leave politics or switch over to the presidency of the republic.

Papandreou's answer to all these "speculations" came last Thursday. And those speculating very simply found themselves out of the government because Papandreou decided he must stop any discussion about the "post-Andreas period."

With this reshuffle, Papandreou upset all the balances and all the internal correlations of forces which have prevailed in his governments since 1981. Beheading all his first-line officials, those who had, in the end, bestowed PASOK's government physiognomy, the prime minister showed yet again that he alone holds the cards in his hands and deals them as he wishes and when he wishes. For this reason, reason, the principal feature of the reshuffle which everyone is discussing today concerns not those who entered the government but those who left. And it is the first time that the political earmark of the changes is given not by the appointees but by those dismissed.

If one follows PASOK's course from its establishment until today, he will realize that a primary characteristic is the constant changes in intra-party balances, the constant shifts in the center of weight, sometimes to the party mechanisms and sometimes to the parliamentary group, the surprising grantings of excessive powers to people and their equally surprising beheadings. All these, with Andreas Papandreou never questioned and always maintaining the role of the suzerain.

Beginning in 1974 with an all-powerful party machine and a weak parliamentary representation which had, in relation to the party mechanisms, almost an employee

role, Papandreu redealt the cards after 1977, strengthening the parliamentary mechanisms and weakening, to some degree, the party mechanisms. After the 1981 election victory, the party mechanisms were weakened even more and gradually PASOK's center of weight shifted to the parliamentary mechanisms. In fact, placing, in a next phase, all the first-line party cadres in the government, Papandreu removed all his strength from the party area. Thus we arrived at the present phase. The former all-powerful party agents, who later became all-powerful government factors, are now returning, completely debilitated, to the party to again become party agents--party agents in a party, however, which is no longer what it was, nor will ever again become what it was.

It is clear that those who were removed from the government in order to be appointed to the Executive Office will not assume new leading roles. This is because, in today's PASOK, the party is out of the game since it neither recommends nor decides, and most times it does not even know what is going to happen.

For all these reasons, the government reshuffle day before yesterday is perhaps one of the most significant political decisions ever made by Andreas Papandreu. And, undoubtedly, it is the start of a new era which will be radically different from the previous one. It will be radically different because Andreas Papandreu, before changing the people, clearly had decided to change policy. This change of policy is already visible in the following:

1. The words about leaving NATO and the EEC were abandoned officially long ago.
2. The words about getting rid of the bases have been removed even as considerations.
3. The "local and foreign monopolies" stopped, long ago, being the deadly enemies of the nation and now an effort is being made to attract them to make investments in Greece.
4. The nationalizations became socializations, then supervisory councils, and then we arrive at the present days when so-called "private initiative" is again officially considered the lever for development.
5. The policy of frugality which, in the time of New Democracy, was the quintessence of the capitalistic exploitation of man by man is today the only prospect for getting out of the economic crisis.

What do all these changes mean? They mean that after five years of experimenting, after five years of searches on the byways, Papandreu is charting a new navigating line, with a centrist and slightly social-democratic tack. And there are certain people who do not fit in this line because they are identified with the past and PASOK's history, which the government policy today is disavowing.

Kostas Laliotis was removed for this reason; Giorgos Gennimatas was removed last Thursday for this reason; so was Menios Koutsogiorgas who certainly did not represent the quintessence of the left, but because of his anti-rightist oratory was the target of the right. PASOK is, at present, effecting a turn, as is shown by the reshuffle decided on by the prime minister. This turn will undoubtedly have a cost for the leftist side. The government's new goal is to cover the losses from the left with gains from the right. Andreas Papandreu

is showing he has realized that the international phenomenon of turning to the right has reached Greece. And, just as he exploited the leftist turn of the 1974-84 decade, now he wishes to be the one who will reap the benefits of the new political currents.

In a first phase, the PASOK leader elbowed the communist Left into the corner. Now he will try to elbow into the corner the Right, by exploiting---himself, not Mitsotakis---the rightist wind which is blowing. Here we find the deepest content of Thursday's reshuffle and probably here we should seek the reasons for the beheading of all those who expressed the history and tradition of PASOK.

#### Mitsotakis Seen Outmaneuvered

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 15 Feb 87 p 48

[Article by Panos Loukakos]

[Text] PASOK--the reputed "party of the people"--denounces strikes and strikers, talks about "penthouses" and the "high-paid" and is turned directly against popular mobilizations. New Democracy--the reputed "party of capital"--supports and assists strikes and strikers, talks about "the workers' just demands" and foments, to the measure it can, the various mobilizations of the day. Under these strange conditions, the so-called "leftists" are looking for their political mark and the so-called "rightists" their own also. And, naturally, no one can find it.

Already, since last week, Mitsotakis has been proclaiming an "unyielding struggle," seeking early elections and maintaining that he has on his side 50 percent of the Greek people. He added, in fact, that today New Democracy is where PASOK was in 1981. But things are not so simple as Mitsotakis wants to view them. They are not simple because the era of unyielding struggles has passed once and for all, because the demand for early elections has neither political foundation nor political legitimization, because the words about percentages do not stand up to serious criticism, because we are in 1987, not 1981 and because New Democracy has absolutely no relation to PASOK at the beginning of the 80's.

The new tactic adopted by Mitsotakis is strange, but not inexplicable. And the explanations for it are relatively easy to look for:

1. Mitsotakis is at this moment firing the slogan about early elections, not so much because he believes there is a possibility of a recourse soon to the ballot boxes, as because he is trying to coalesce his party area and stop the intra-party contestation to his person.
2. The pious yearning about early elections has one other, transparent target: To upset PASOK's rightist opening which, within coming months, will have rendered political benefits to Andreas Papandreou's party. Because this opening will remove from New Democracy all its arguments. And it is precisely here the ND leader is making a huge mistake, by comparing his party with the PASOK of 1981. Because at that time PASOK had slogans and a very clear differentiation from New Democracy. But today?
3. Today PASOK declares it is in favor of Greece staying in NATO and the EEC.

4. Today PASOK declares that the U.S. bases will remain in Greece.
5. Today PASOK makes the big turn toward so-called private initiative.
6. Today PASOK attacks strikes and strikers and prohibits increases to the workers.
7. Today PASOK invites foreign capital and multi-national companies to invest in Greece and undertake all the large works.

Probably without Mitsotakis having perceived all the slogans he could use, Andreas Papandreou has taken them away from him, making them his government's policy. The fact that the present prime minister can cover Mitsotakis' area does not automatically mean the reverse. Because, of course, New Democracy cannot be credible when it puts itself at the head of strikes. And the problem is not only the lack of credibility. It is that, with this policy, so-called "capital" clearly sees that its interests are better served by the present government which "knocks" the strikes and strikers now supported by Mitsotakis.

For all these reasons, today's New Democracy is not where PASOK was in 1981, as Mitsotakis wants to believe. Because at that time Papandreou's party was against NATO and the EEC and supported the removal of the U.S. bases. Because at that time PASOK fired against private initiative and "local and foreign monopolies," spoke about nationalizations and promised Gardens of Eden to the so-called "non-privileged." In other words, he had a clear oppositional platform and he had a very clear line of differentiation from ND and its policy.

Conversely, today Mitsotakis cannot differentiate himself. He cannot be against NATO, the EEC, the Americans, Greek or foreign capital. And now also in favor of all these is Andreas Papandreou, after approximately six years of governing the country.

This is why Mitsotakis is now seeking early elections. First, to deal with his intra-party problems and, second, to not allow PASOK to complete its new policy and exploit its turn politically. But it is certain that early elections will not occur, at least in 1987 as Mitsotakis supports. They will not occur because the government is not considering resorting to the ballot box in the midst of the present economic crisis and the extended social unrest. In the final analysis, neither is there an existing constitutional mechanism which could compel Papandreou to open the ballot boxes.

Of course, by making a demand for early elections, which he is placing in 1987, Mitsotakis may be coalescing his base at the moment. He may succeed in mobilizing it. But, once again, he will disappoint it, as the expectations he is creating will prove to be simply pious yearnings. And then, of course, some will look for responsibilities in him. Not only because he cultivated a climate which leads nowhere, but also because he was unable to find the arguments and slogans which will lay a foundation for the oppositional contraposition of today's ND with today's PASOK; because he did not succeed in giving his faction a new political language which will echo credibly in the ears of the majority of the Greek people. This is now what is primarily being sought by the official opposition. And this is precisely what Mitsotakis is unable to give to New Democracy. For this reason, he is turning to pyrotechnics which have no continuity, no consequence, no past, no future.

POLITICAL

## PAPANDREOU TENDENCY TO REJECT BLAME SCORED

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 8 Feb 87 p 8

[Article by Giorgos Massavetas]

[Text] We saw it coming. "A government of Andreas without...PASOK," wrote many newspapers after the reshuffle. Fortunate those who can be surprised. I do not believe the regular readers of this page were surprised. On 24 November 1985, had been written here: "It is not excluded that one day Andreas Papandreu will denounce his own party." Since then it has been repeated, combined with indications of a gradual disengagement.

Attacks against the "green guards" followed; the gradual pruning of the "historic leadership"; yesterday's reshuffle, supported on the key words: I have decided.

The truth is that Papandreu has decided over time that:

1. Others are to blame for the fact that he himself taught them to believe our country should not belong to the EEC, but now that it pleases him to be in the EEC, he does not dare to say this courageously and, moreover, does not want them to remind him of it.

2. Also to blame are others who learned to re-infix his own theories about the level and, above all, the origin of tax-evasion, which he claimed was an exclusive privilege of "local and foreign big capital." Whereas now he is forced to acknowledge that approximately one-third of the "economically active" Greeks, who are described by the words small-businessmen and self-employed, are systematically evading taxes, and Papandreu for so many years claimed them to be 'non-privileged.'

3. Others are to blame for the fact that Papandreu would like, on one hand, for military alliances to not exist and--who would not wish it--for there to be no bases in Greece, that he marched with the slogan, "Out with the bases," but now does not wish to get into risks--both himself and the country--in an open clash. Others are to blame because he is ashamed to call things by their name.

4. Others are to blame because the "popular participation" was not won when PASOK's popular base was judged unprepared to select, without nominations, sometimes the coordinating committees for local organizations, sometimes the nomarchy committees, sometimes the congress members, and the congress members the members of the Central Committee, and the Central Committee members the members of the

Executive Office, who even today need a presidential recommendation; when the "Movement" was judged unprepared to select its candidate deputies and gave its president "carte blanche" to think on its own behalf.

5. Others are to blame for the fact there was no continuous and consistent political course for government planning and work, for the constant changes in people and positions. But Ms. Vougiouklaki would never accuse the supporting actors or supernumeraries in her company of a failure of hers. Besides, she does not have failures. Because she knows to what audience she is addressing herself, what she wants to say to this audience and in what way she will say it. Papandreou, who kept for himself the role of author, company manager, lead actor and scenarist, is permanently undecided whether he should make art for art's sake or art for the people. Sometimes he tries drama, sometimes comedy. Sometimes prose, sometimes a revue. But the tickets are constantly decreasing. The public, aside from vendettas, wants to also see a piece of work.

The truth, of course, is that others are to blame. Because a party is not a theater company. An historic and appointed responsibility belongs to all those who have gone into politics, fed by the sole expectation of being partakers in the messiah's private or public dinners; ready to applaud him as he offers, every time, the dipped bread to another "Judas." All those, officials and deputies, who vent their bitterness in the hallways if they do not have the divine favor, and applaud enthusiastically like claqueurs when they are being watched in order to obtain this favor; all those who, mute, follow the defenestrations on television; all those who collaborated in undermining the authority of those who might have a voice, with fabrications about imminent "defections."

Only now they are not the ones paying. The country is paying. A people who no longer can believe anything is paying; a people who walks around as if lost.

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## PAPANDREOU'S REPORTED POLICY AIMS AT GAINING VOTES

Athens I KATHIMERINI in Greek 15-16 Mar 87 p 9

[Editorial: "Pre-Election Tactics:"]

[Excerpt] The pretentious interest the pro-government and "covert pro-government" press showed in the proceedings of the Congress of the New Democracy Youth Organization [ONNED] was entirely disproportional to the importance of few--very limited--reactions expressed in the Congress against orientations of the ONNED majority as well as to what is going on in all other partisan organizations.

PASOK is definitely convinced it is losing authority. Better than any other government or party "cadre", Papandreou knows that his government is objectively incapable of offering the Greek people whatever could revive the hope of its further usefulness in power. He also knows that the more time passes the more the grounds for general indignation increase as a result of the policy he practices.

However, these facts do not mean that Papandreou has given up the effort to exploit all available possibilities to reduce the draining of his voters, at least to a point where, even if unable to gain an electoral majority, he will be able to coerce post-election developments. Moreover, the ease with which he misled in 1985 the "progressives" by telling them lies about the policy he would follow and the leftists by terrifying them that the Right would presumably launch persecutions against them if it won the elections, makes him value more the effectiveness of cheap pre-election tactics.

What, then, is left for him in promoting his ambitions is limited to apparent endeavors. First, to villify as much as possible his main political opponent, the New Democracy Party. Since it is certain that a considerable number of PASOK voters will desert, Papandreou must make sure that these voters will not show preference for ND, the only other claimant to authority.

Therefore, the first political duty of high priority is to cultivate the impression that the loyal opposition, ND, is hopelessly divided and unable to carry out a productive government policy. The blatant articles in the papers about ND's internal frictions serve this political duty.

Papandreu's second endeavor concerns his "revival" as the "genuine standard bearer" of socialist change. The decision to nationalize the international oil consortium operating in the Northern Aegean Sea; the ballyhoo about nationalizing...the church also [church-owned land] under the pretext of "socializing" [325,000 acres of] farmland owned by monasteries; the unexpected "bravados" toward Washington which do not at all agree with the official line toward requirements of the multi-faceted interests of the West; the arrogant promises to farmers about their protection from "exploitation" by the capital; the sudden revocation of "the 3rd of September" declaration as the one and only "principle" which guides government policy; all these and all other similar things do not aim at anything else but at once more deceiving the leftist voters; to make them feel remorse about the simple thought that it is possible to...betray PASOK, their stronger ideological relative!

The disadvantage for Papandreu is that this belated "polishing" of the party's "socialist credos" is in line with extensive--oral, at least--benefits to the "accursed" private initiative. The hope flatters him that he may gain some support "from the Right" to offset the losses he will suffer "from the Left." Unavoidable outcome: Papandreu's credibility--whatever is left of it--as well as that of the greedy clique surrounding him is waning.

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## POLLS SHOW GOVERNMENT LOSSES

The Hague ANP NEWS BULLETIN in English 16 Mar 87 p 1

[Text] The government coalition would lose seats in the Dutch parliament if an election were held now, polls by two broadcasting associations over the weekend show.

One of the polls, for the Tros broadcasting association, said the Christian Democratic (CDA) and Liberal (VVD) parties would lose their combined parliamentary majority by each losing three seats. This would bring their share of seats to 75, half the number in the Dutch parliament.

The CDA currently holds 54 seats, and the VVD 27.

A poll for the left-wing Vara broadcasting association said that although the coalition parties would lose seats, the CDA one and the VVD three, they would still hold their majority in parliament.

Both polls said that the opposition Labour party (PvdA) would become the largest in parliament. Vara predicted a rise of three seats for the PvdA, from 52 to 55, while Tros said PvdA representation would remain unchanged.

Of the small left-wing parties, Tros said the Democrats '66 (which currently hold nine seats) and the PSP (one) would each gain two seats. The Communists (0) would gain one seat and the PPR (2) would stay the same.

Of the small right-wing parties, the RPF (one) would gain one, while the GPV (one) and SGP (three) would stay unchanged, Tros said.

Vara said that of the smaller parties only the PPR would gain a seat while the rest would stay unchanged.

Tros predicted that between 73.5 per cent and 80 per cent of voters would turn out for the provincial elections on Wednesday, while Vara put this figure at between 69 and 74 per cent, compared with a 60-per-cent turnout in the 1980 provincial elections.

In last May's general election, the coalition parties CDA and VVD were returned to parliament with an increase in their combined representation despite the prediction by Dutch opinion polls that they would lose their majority.

## CONSERVATIVES BUOYED BY POLL BUT CONCERNED OVER CENTER PARTY

## Conservative, Center Parties Gain

Oslo AFTENPOSTEN in Norwegian 31 Jan 87 p 3

[Article by Finn Langeland: "Good Start for Conservatives; Clear Non-Socialist Majority"; first two paragraphs are AFTENPOSTEN introduction]

[Text] The Labor Party showed a clear decline, the Conservative Party an equally clear gain and if we had an election tomorrow there would be a non-socialist majority in Storting. That was the conclusion of the January Gallup/Norwegian Opinion Institute [NOI] poll, commissioned by AFTENPOSTEN.

The poll--which was conducted in the period 12-26 January--gave the Labor Party a support level of 37.6 percent. That is down 1.6 percent from the previous month. The Conservative Party went up from 30.5 to 31.8 percent.

Aside from the Conservative Party, which noted a gain of 1.3 percent compared to the last poll in 1986 the Progressive Party, the Center Party and the Socialist Left Party were the winners in the January poll. The 8.1 percent rating for the Christian People's Party is exactly what the party received last time. The Progressive Party's 5.0 percent (up from 4.1 percent) is the best result the party has had since long before the Storting election of 1985.

The Center Party went up from 6.7 to 7.2 percent, while the Socialist Left Party went up to 6.6 percent, compared to 6.0 percent the month before.

## Effect of Interest Rates?

The Labor Party result is the poorest the party has had in the Gallup/NOI poll since last September. It is not unreasonable to assume that this is a "thumbs down" signal from the voters with respect to Prime Minister Gro Harlem Brundtland's disclaimer of any responsibility for the sharp increase in interest rates.

At the same time Defense Minister Johan Jorgen Holst's outburst against defense chief Fredrik Bull-Hansen probably also helped to move potential Labor voters back "on the fence."

#### Liberal Decline

The Liberal Party also suffered a decline in the January opinion poll after the December poll gave the party its best result for 1986 with a rating of 3.4 percent. Now it is 2.8 percent.

However the poll's sharpest decline in relative terms was noted for the Red Election Alliance which is down to 0.4 percent. Still higher than the rating for the Norwegian CP, but the revolutionaries are definitely a minor party on the Norwegian political landscape again.

#### Nonsocialist Majority

The gain for the Socialist Left Party [SV] partly compensated for the decline for the Labor Party, but the combined socialist bloc also noted a decline in support. The Labor Party and SV combined had a rating of 44.2 percent in January. If the Liberals are also included on the socialist side the figure is 47.0 percent. That figure is also lower than the combined rating for the three former government parties, 47.1 percent. If the Progressive Party is included on the nonsocialist side the support for the four nonsocialist parties reached a total of 52.1 percent. A Storting election in which the votes are divided up among the parties in this way would produce a clear nonsocialist majority in Storting.

#### SV Stability

The basic data also show that SV has the highest level of voter stability. As many as 98 percent of SV voters questioned also voted for the party the last time there was an election. Conservative voters are also loyal, with 92 percent of those who said they would definitely vote for the Conservative Party now indicating that they also voted for the party in the 1985 Storting election.

#### Christian People's Party Women

The Conservative Party continues to have somewhat weaker support among women than among men while the Christian People's Party--judging by the January poll--has twice as many women voters as men. The age table shows that the Labor Party still has credibility problems among young voters between the ages of 18 and 29. In this group the party had a support rating of 31 percent compared to 38 percent among voters over the age of 60. Only replies from respondents who said they would definitely vote if we had an election tomorrow were included here.

	Storting- Valget 1985 %	1985 Pva %	March %	April %	May %	June %	Aug. %	Sept. %	Oct. %	Nov. %	Dec. %	1987 Jan. %
1.												
2. r Ap.	40.5	42.2	43.3	43.9	41.2	39.9	35.5	36.0	39.6	38.0	39.2	37.5
3. r DLF	0.5	0.3	0.1	0.7	0.3	0.3	0.5	0.5	0.6	0.4	0.7	0.1
4. r Fr.P.	3.7	3.5	3.1	3.3	3.6	3.5	2.5	3.2	3.1	3.6	4.1	5.0
5. r H.	30.4	30.2	30.9	28.8	31.0	32.1	36.5	34.5	33.5	31.9	30.5	31.8
6. r Kr.F.	8.3	8.0	7.2	7.3	6.9	8.4	8.4	7.7	8.2	9.6	8.1	8.1
7. r NKP	0.2	0.2	0.3	0.1	0.4	0.0	0.0	0.0	0.1	0.2	0.3	0.3
8. r RV	0.6	0.6	0.6	0.6	0.7	0.3	0.6	0.3	0.4	0.8	1.1	0.4
9. r Sp.	6.6	5.7	6.0	5.8	7.4	6.7	6.7	7.3	6.1	6.8	6.7	7.2
10. r SV	5.5	5.9	5.7	6.6	5.9	5.8	7.2	6.9	5.7	6.2	6.0	6.6
11. r V.	3.1	2.3	2.2	2.5	2.5	3.3	2.7	2.5	2.3	3.4	2.8	2.8
12. Andre	0.4	0.6	0.6	0.4	0.0	0.5	0.0	0.5	0.3	0.2	0.0	0.3
13. Sum	100.1	100.0	100.0	98.9	100.0	100.0	99.9	100.1	100.0	100.1	100.1	100.2
14. r Ap. + SV	44.3	48.1	49.0	50.5	47.1	45.7	42.7	42.9	45.3	44.2	45.2	44.2
15. r H + Kr.F. + Sp.	45.3	43.9	44.1	41.9	45.3	47.2	50.6	49.5	47.8	48.3	45.3	47.1
16. r H + Kr.F. + Sp. +												
17. r Fr.P.	49.0	47.4	47.2	45.2	48.9	50.7	53.1	52.7	50.9	51.9	49.4	52.1

The figures show how people would vote in a hypothetical Storting election tomorrow among those who would definitely cast a ballot. They were also asked which party they voted for in the 1985 Storting election. The difference between the support indicated for the individual parties on that question and the actual election results in 1985 was used as a weighting factor. Interviews were carried out in the period 12-26 January 1987 by Gallup/NOI.

Key:

1. Storting election, 1985
2. Labor Party
3. Liberal People's Party
4. Progressive Party
5. Conservative Party
6. Christian People's Party
7. Norwegian Communist Party
8. Red Election Alliance
9. Center Party
10. Socialist Left Party
11. Liberal Party
12. Others
13. Total
14. Labor + Socialist Left
15. Conservatives + Christian People's Party + Center Party
16. Conservatives + Christian People's Party + Center Party + Progressive Party

## Center Party Weakens Alliance

Oslo AFTENPOSTEN in Norwegian 31 Jan 87 p 3

[Article by Lars Hellberg: "Center Party Could Tip the Scales"]

[Text] There will be a government change when the Center Party is ready to hammer out a nonsocialist alternative with the Conservatives and the Christian People's Party. The Center Party could tip the scales. As far as the Christian People's Party is concerned there is no doubt that a desire to be in the government and a thirst for power are growing from week to week.

It is equally obvious that the opinion polls, which show a clear non-socialist majority among the electorate, make it increasingly difficult for the three former government coalition parties to evade responsibility. In short the nonsocialist voters are demanding a new government and a new policy.

### New Realization

Conservative Party chairman Rolf Presthus says it another way, but the reality is the same: There is a growing realization among the middle parties too that the national budget approved for the current year is inadequate. It is not clear what conclusions the Center Party will draw when it weighs the economic realities in relation to the passionate desire of many local politicians to mount an election campaign as an opposition party.

### Clear Statement

But the situation is clear enough for the Christian People's Party. At the party's central committee meeting and at the later meeting with county chairmen and campaign leaders yesterday, Kjell Magne Bondevik put it like this:

"It is important for the Christian People's Party to assist with the formation of a nonsocialist government."

The party chairman's reasons are equally clear. In a new three-party government the party can implement more of its policies, have more influence and initiate things on the government level. It is true that he maintains that the Christian People's Party had to cooperate with the Labor Party in finding a budget solution in Storting after the nonsocialist negotiations broke down last fall. There will be some dispute about this among nonsocialists but there is little reason to count lost battles now that the contours of a new nonsocialist coalition can be seen.

### Not Natural

According to Bondevik there is agreement in the Christian People's Party that "it is not a natural situation to have the Labor Party running the

government in view of the present composition of Storting." That is plain speaking. The continuation of his remarks was equally plain:

#### Clarification

"The Christian People's Party congress passed a resolution promising the voters to work for a nonsocialist three-party government if the parliamentary and political situation warrants such a move. Storting crises can quickly arise again, making it necessary to have the political base for a new government clarified. The goal must be the formation of a non-socialist government and the Christian People's Party will take an active part in discussions with this in mind."

Thus it is evident that Bondevik's party will not participate in a government in order to pursue Conservative policies but for the sake of getting greater impact for its own. If the will exists it should not be more difficult to arrive at the necessary compromises than it was in the Willoch government.

#### Closer Together

It is true that the budget discussion last fall showed that the three parties have somewhat different perceptions of reality. Presthus knew what he was talking about when he described economic policy as the major problem dividing the three parties in speaking with the Conservative central committee on Wednesday. But today everything indicates that at least the Conservatives and the Christian People's Party are closer to each other than they were a few months ago. The resolution resulting from Bondevik's meeting with his party's central committee says a lot about that.

The economic situation is described as very serious. Special emphasis is placed on the fact that the foreign trade deficit and price increases could threaten many jobs. Thus in the view of the party the situation requires cuts in both public and private consumption. It is more important in the context of a future government that the main emphasis in the resolution is placed on keeping income and cost developments in check.

#### Competition

Instead of the usual "competition" to see who can get the greatest income adjustments, it would be better in the negotiations this spring to have a "competition" in moderation. The resolution says among other things that the current agreements should be continued without any major new additions.

The Conservatives, for their part, undoubtedly want to go farther, especially with regard to tax policies that promote investment. But the Christian People's Party's description of the economic situation, accompanied by clear indications of a determination to assume responsibility in a new government, provides a more than adequate basis for arriving at a unifying nonsocialist alternative.

## Credibility

The clear nonsocialist majority among the electorate that can be seen in today's Gallup/NOI political barometer underlines the need for the three parties to show that they are equal to the task during the debate on the government's revised national budget. Now the candidate for prime minister must seize the right moment. For Rolf Presthus, as for the other party leaders, the resolve and ability to hammer out a unifying non-socialist alternative is a question of political credibility.

### Paper Comments on Poll

Oslo AFTENPOSTEN in Norwegian 2 Feb 87 p 1

[Editorial: "Country's Biggest Party"]

[Text] The Gallup/NOI poll for January says that 40 percent of the voters either do not intend to vote or do not know who they will vote for. The party that makes contact with them will win the election.

The more things change the more they stay the same. That is said of the Catholic Church, but it can also be said of the changeable political situation. According to the latest opinion poll from Gallup/NOI, voter sympathies today are divided up in exactly the same way as they were in the Storting election in 1981 when the country shifted from Harlem Brundtland to Willoch. The Labor Party has the support of 37.6 percent of the voters (37.1 percent then), the Conservatives have 31.8 percent (31.7), the Center Party has 6.6 percent (6.6), etc. A Storting election now would result in a solid nonsocialist majority, as it did then.

The question, of course, is whether such an election outcome would also lead to the formation of a nonsocialist government. In 1981 it was the Christian People's Party [KRF] that had doubts, now it is the Center Party. However in 1981 KRF was inclined to support a Conservative minority government, while the Center Party's refusal to take charge in 1987 is actually allowing the Labor Party to remain in office.

Up to now the Center Party has not been alone on this support task. But with KRF sending increasingly clear signals that it is willing to form a government, Jakobsen and his party are in danger of isolating themselves. Here the Gallup/NOI poll provides cause for reflection. While the Labor Party plus SV had the combined support of 44.2 percent of the respondents, the Conservatives plus KRF with the support of the Progressive Party had the backing of 44.9 percent. The Center Party is the weakest link in a nonsocialist chain, but in the somewhat longer view it does not have to be a necessary link. The party does not have to go any farther than the Liberal Party to study the consequences of placing oneself on the outside.

What does this year's first Gallup/NOI poll have to say about the municipal and county elections this fall? First of all that the Conservatives are

in a considerably stronger position now than they were before the 1983 election, which went quite poorly. With 31.8 percent (the January figure) the party will have its best municipal election ever. But there are two reasons why victory should not be taken for granted too soon. One is that the Conservatives were--apparently--also in a good position before the 1983 election, which led to overestimating their own strength and underestimating that of others. We do not believe this lesson has been forgotten.

The other is that the progress made by the Conservative Party over the last 4 years is not the result of any unified shift from the socialist to the nonsocialist side. The parties that have given up votes are the Progressives, the Center Party and the Liberals. It is true that the Labor Party is also in a somewhat weaker position than it was last time, but on the other hand SV is somewhat stronger. Thus it is an entirely open question which side will be victorious in unstable counties and municipalities.

It is also up in the air because 24 percent of those asked now say that they do not intend to vote or are considering not voting. And as of now every fifth respondent who intends to vote is uncertain which party to vote for. This means that prior to the beginning of the election campaign, 40 percent of the Norwegians who are eligible to vote do not currently think there is any political program that is worth voting for. As a group they make up the country's biggest party or anti-party. Those who make contact with them will win the election.

#### Center Party Congress

Oslo ARBEIDERBLADET in Norwegian 10 Feb 87 p 6

[Article by Oivind Nielsen: "Center Fires Torpedo at Conservatives"; first paragraph is ARBEIDERBLADET introduction]

[Text] The Conservatives must steer toward the center if they want to form a new nonsocialist three-party government. That demand was made by both Center Party chairman Johan J. Jakobsen and the party's parliamentary leader, Johan Buttedahl, last weekend.

"I do not think it is in the nature of cooperation to issue ultimatums to any party at any time," Conservative first vice chairman Kaci Kullmann Five told ARBEIDERBLADET.

In a speech to the Center Party congress in Hordaland, Center Party chairman Johan J. Jakobsen said there is no shortage of expressions of willingness to form a new three-party government. What is missing is a greater degree of realism about where the political balancing point in such a government must lie if a stable alternative is to be created, the Center Party chairman said.

## Key

Jakobsen said the key to a broader political agreement will be whether or not the Conservatives move closer to the center in their policies, as their district spokesmen have also advocated.

"It is easy to issue demands to the Center Party and the Christian People's Party, but isn't it time to issue demands and clarifications to the biggest opposition party too?" the Center chairman asked.

He said that the Center Party wants a stable and forceful government alternative, but that it would be a poor start for a new three-party government to stumble into office. Although the Willoch government's long-range program is a good starting point, the decline in oil prices has changed the assumptions dramatically, he said, adding that district policy also poses a bigger challenge for the party today than it did in 1985 when the long-range program was formulated.

"Let us be honest and admit to ourselves and the voters that we have run into some political problems that must be cleared out of the way before the three parties try to take on government power again," Jakobsen said.

## Two Steps to the Right

At the congress in Troms the Center Party's parliamentary leader, Johan Buttedahl, made it clear that "we will not step in and assume government responsibility in order to pursue the policies of the Conservatives."

Buttedahl said it looks as if the most enthusiastic advocates of a government shift at the earliest possible moment are using all their energy to denounce the Center Party. "But a political platform must first be created that all three parties can support before there is a government change," said Buttedahl, who stressed at the same time that when the Center Party decides to go into a new government it will be in order to gain an impact for as many of the party's own issues as possible.

"When it comes to economic policy in particular, it is my opinion that the Conservatives have taken two steps to the right. As late as last spring the Conservatives, KRF and the Center Party were in agreement that economic restraint must be achieved by reducing public spending as well as strengthening the income side of the budget. But in the fall the Conservatives abandoned that standpoint and chose to put a onesided emphasis on cuts and tax relief," said Johan Buttedahl.

## Putting it Strongly

The first vice chairman of the Conservative Party, Kaci Kullmann Five, told ARBEIDERBLADET that she would be careful about commenting on the

discussions the chairmen and parliamentary leaders of the three parties are now holding. But she admitted that Jakobsen's and Buttedahl's remarks were putting things quite strongly.

"It is obvious that the three parties need to clear up a number of central issues. But I do not think it is in the nature of cooperation to issue ultimatums at any time. However cooperation must move us in the right direction, not the wrong one. That was precisely why the budget co-operation broke down last fall."

Kullmann Five also said she disagrees with several of the statements made by Jakobsen and Buttedahl, including the assertion that the Conservatives have taken two steps to the right.

"A coalition government will not pursue a purely Conservative policy. But we must not move away from the core of the policy that was established in the Willoch government's long-range program," she said.

Are these outbursts torpedoing nonsocialist cooperation?

"I hope those responsible did not mean them to be interpreted like that-- and I do not intend to do so myself," Kaci Kullmann Five told ARBEIDERBLADET.

#### Center Party Official Comments

Oslo ARBEIDERBLADET in Norwegian 11 Feb 87 p 6

[Article by Guttorm Lysehagen]

[Text] Elverum--"Many people are asking us how long we intend to stay in the opposition. The answer is that we will stay there as long as it produces better results than we can achieve as part of the government. And vice versa, of course," said party secretary John Dale in his introductory speech to the Center Party congress in Hedmark on Saturday.

Dale pointed out that forces in the Conservative Party were not exactly doing their utmost to shorten the time this would take.

"The Conservative newspaper called out economic policy rat poison for the nation, that is not a bagatelle," said Dale.

The party secretary said that the Center Party has now drawn itself up and that cooperation will occur on the party's own terms.

"Otherwise we will cooperate ourselves out of Norwegian politics," Dale said. He issued an invitation to "the other Conservatives"--those who support Rettedal's line--to get back on track again.

Dale also denied that guarantees from Carl I. Hagen are needed before there will be a new nonsocialist government.

"We have become more oriented toward results on the voters' behalf," Dale said. "Therefore there will be no new three-party government before it has a clear foundation. Such a government should also be designed to stay in office for a long period of time, which will involve extended cooperation with the opposition." And here Dale made it plain that he was not referring to Carl I. Hagen but to quite a different group of people.

#### Paper Criticizes Center Party

Oslo AFTENPOSTEN in Norwegian 15 Feb 87 p 2

[Editorial: "Best Without Responsibility?"]

[Text] The obstacle to a new nonsocialist government now is the Center Party. As time goes by the party is making little effort to conceal this fact. "We will stay in the opposition as long as it benefits us," said general director John Dale. Party chairman Johan J. Jakobsen and parliamentary leader Johan Buttedahl said it somewhat differently, but the conclusion is the same. One "should not stumble into a new government." In practice this means they do not intend to do anything that might lead to the creation of a new government.

Why? One of the reasons is simply that the Center Party is split. Joining a government requires resolve and in such situations those who want to do the least often win out. People like Storting representative Ragnhild Queseth Haarstad and her colleague, Lars Velsand. At the moment they have been joined by others who might be prepared to consider a new nonsocialist government in time but who think Center Party spokesman will have an easier time in the municipal elections if the party is unencumbered by government responsibility at that time.

Now it is not easy for a supposedly nonsocialist party to explain why it is keeping a socialist government in power. Therefore attacks have been the Center Party's best defense. The party leadership talks as if the Conservative Party was the one responsible for their own reluctance to take charge. The Conservatives are said to have moved "two steps to the right." And the Center Party will not "step in and assume government responsibility in order to pursue Conservative policies." (Buttedahl)

This debate is deplorable because it mixes everything up. When the breakdown came in the budget negotiations between the Conservatives and the middle-spectrum parties last fall it did not happen because the Conservatives had moved to the right but because the Center Party and the Christian People's Party placed themselves to the left of the Labor Party in some important areas (with a weaker budget balance and--to some extent--more increases in ordinary income taxes).

And no one has asked the Center Party to join a government in order to "pursue Conservative policies." It goes without saying that a cooperation must be based on working things out. But on the other hand it is obvious

that the main content of the joint policy must be nonsocialist in nature. If not, we cannot push through a change in government. We saw that last fall.

What then is nonsocialist policy? On economic matters it must emphasize the factors that create growth and improve competitiveness. Some of the key themes include the fight against inflation, better conditions for saving money and incentives to work harder. If the Center Party would only stop and think, it was this kind of policy the party itself helped to carry out when it was part of the Willoch government. The need has become even greater now.

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CSO: 3639/24

## SUCCESS OF SOARES PRESIDENCY GIVES RISE TO QUESTIONS

Lisbon SEMANARIO in Portuguese 28 Feb 87 p 20

[Article by Jose Miguel Judice: "(In)opportune Comments"]

[Excerpts] The brilliant and intelligent performance of President Mario Soares, which is all the more noteworthy when contrasted with the 10 contentious and lackluster years of Ramalho Eanes, is creating a rare moment for Portugal, of nearly unanimous applause and support. The presidential popularity ratings have reached unforeseeable heights and, in contrast, criticism and discord have slunk to the lowest level.

Playing the role--with some pleasure, incidentally--of a wet blanket, I would like to call attention to some aspects which there is too much tendency to forget. First, however, I will expressly and unequivocally state that my opinion is absolutely favorable to the presidential performance and I take satisfaction in the fact that, for about a year (and before the presidential elections), I have been saying, to the distress of some recent converts to the festivities and to Soarism and of some fundamentalists of the time, that the democratic regime would not topple and the PCP [Portuguese Communist Party] would not come to rule in Belem if Mario Soares were to win the election.

Let me now assume the role of wet blanket, perhaps beginning by noting a fact for which Soares is not to blame, but which is a consequence of his election. It is the paralysis which it has created in the reformist efforts of the government in all the areas which call for legislative measures. The Soares victory increased the effrontery and sense of impunity of the opposition, in addition to having added to the weight of the anti-reformist "lobbies" within the PSD [Social Democratic Party]. This paralysis is going to have dramatic repercussions for our competitiveness abroad in this crucial period of admission to the EEC.

Then we would say that Soares' presidential style, which has the huge advantage of soothing a society filled with tensions, is also having an effect which could be highly pernicious, particularly at medium range. It is the reinforcement of the "national wonderfulness," transformed into an unassailable institution, to the extent that the tranquillized electorate will not forgive anyone who mentions problems, enamored as it is with the presidential geniality, gaiety, plumpness and cordiality. Up to now, this has all been highly advantageous for the government of Cavaco Silva, but it should not be considered an unmitigated

blessing for this reason. The Soares presidency is becoming a bright hymn to the "status quo," to the Pangloss thesis that all is for the best in the best of all possible worlds. And because, unfortunately, it is not this way and because it is necessary to meddle with many established routines and interests, a time will come when this atmosphere is going to have a negative effect on the indispensable reform effort.

It is appropriate to dampen some of the enthusiasm now, since we are already hearing--and not simply in praise and not only in government circles--that Soares is really a "great constituent" of Cavaco Silva, whose life he has only made easier and has done nothing to impede the implementation of his program. It has really been this way, but prudence forces me to bring up a fact which is habitually ignored in the analyses and evaluations that I have seen on the matter. It is that there are two ways in which the president could create problems for the government: by airing positions critical of the government; and by vetoing government legislation. Well, the first would be unbecoming, considering Cavaco Silva's current popularity. With regard to legislation, it is the Assembly of the Republic which has been "vetoing" the government legislation; everything is already "whittled down" by the time it reaches Belem.

By this I mean that, in Portuguese politics, "bedfellowship" is strongly facilitated by the fact that all the work of obstruction is done by the Assembly of the Republic. With respect to the legislative area of governmental action, then, it is only by accident or mistake that the president of the republic could have a problem, although it is fair to say that, when he has had them, the solutions which he has arrived at have been correct and not anti-government.

This is not the whole of it. The great question--or, put less dramatically--the big issues between the government and the president have not arisen yet, so we have not yet had a situation of potential confrontation or one in which the president has had to make basic and controversial decisions. The big question is, obviously, what would happen in the case of a serious political crisis. At that point, Mario Soares would have to choose between dissolving the Assembly--a solution which would surely please the PSD and the government--or accept an alternative solution in the parliamentary area, which would permit the replacement of the government without elections--a solution which would manifestly please the PCP and the PRD [Democratic Renewal Party] and would please many more impatient or cautious Socialists.

This is the big question which will be the decisive test of the Soares presidency. If he chooses a path contrary to those who voted for him in the second round (or rather, the political forces which put him in power), the style of his presidency will be defined and his reelection on a course opposite to that of Eanes will be assured. If he opts to go against the government, the style of his presidency will change from one moment to the next, and we will see a critical confrontation between Cavaco and Soares. In that case, his reelection would be more problematical and would depend on the performance of the government which he would set in place.

It must be stressed, however, that Soares' action to date is the most intelligent for any of the possibilities mentioned above. This being the case, only a complete lack of political acumen would lead Soares to act in a manner

different from the one he has chosen for this first year of his mandate. If he chooses to go with Cavaco, he has been preparing the country, and particularly most of his electorate of a year ago, for this solution. If he chooses to go against Cavaco, he has been building a very strong and positive image among the PSD electorate, which will make any harsh reaction by the current prime minister extremely difficult.

All this would justify some cautious reflection, instead of the unquestioning enthusiasm which is rampant out there in areas which should be more sophisticated about the vicissitudes of political processes and less naive about the relevant changes in political personalities. For now, however, there is nothing to do, at least for the time being. It remains to be seen if Soares is capable of understanding where his interest lies--if I am the one best able to interpret it.

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**CUNHAL'S NEW PRESS RELATIONS MAY BE GORBACHEV-INSPIRED**

Lisbon ESPRESSO in Portuguese 28 Feb 87 p 87

[Article by Joaquim Vieira, with Jose Manuel Saraiva]

**Text**] At the beginning of this week, an apparently trivial event in Lisbon was transformed into an unprecedented act, simply because a Portuguese political leader granted a television interview in his home. What made this sensational was that the leader was none other than Alvaro Cunhal, leader of the PCP [Portuguese Communist Party]. Cut off from his private life, which he had always fiercely protected, most Portuguese had an image of Cunhal in which only one side was illuminated. The area in shadow -- family, home, pleasures, possible hobbies--was considered by Cunhal and his party as politically irrelevant for the electorate. Since the Communists feel that only data which can be politically evaluated should be revealed to the public, steadfast resistance had been the order of the day whenever any reporter sought to venture into the shadows which obscured the PCP secretary general.

Suddenly, these values have changed. As Cunhal himself said in his interview, the decision was not his (or not only his), but was a decision of "the organization." In other words, it was a decision carefully calculated to indicate a new conception of the relationship between the Communist leaders and public opinion. The private world which surrounds the leader (whether or not this was his real home or a stage setting) becomes a focus of interest to consider in the definition of his profile for the voters. For a few moments, the PCP made a concession to the political-spectacle which characterizes the Western World. By doing this, however, the Communist leader is no longer just speaking for a particular position but is also a resident of a particular place, where he cultivates particular personal memories, maintains a particular style of family relationship (or memories) and has particular esthetic and decorative tastes. In short, things can hardly be the same from now on.

**Example of USSR**

There is little doubt that this is a sign of the kind of liberalization which Mikhail Gorbachev has been developing in the USSR. If it were not for the new style of the highest leader in the Kremlin (exemplified at the personal level by the publicity given to his wife Raisa), it is unlikely that Cunhal would have agreed to such an invasion of his privacy.

The large question, however, has to do with the fact that the changes promoted by Gorbachev, both in his country and his party, are basically of a political and economic nature--changes in which even the traditional ideological concepts often appear to be threatened. So, inevitably, the question arises: Will the PCP, which has always publicly maintained its loyalty to previous Soviet leaders, keep pace with the changes taking place in the Soviet Union?

From a merely official standpoint, it is impossible to distinguish any more critical or distant attitude in the Portuguese Communists regarding the new line in effect in Moscow. The PCP formally subscribes to Gorbachev's positions as naturally as it promoted Leonid Brezhnev, even though the position of the new Soviet leader is largely based on criticism and denunciation of the leaders who preceded him. The difference is that, to Alvaro Cunhal, what is happening in the USSR is not a breakdown of the methods of leadership of the state and party, but, quite simply, "the perfection of socialist democracy." Cunhal so stated during a PCP rally held a week ago in Lisbon, the announced purpose of which was to welcome a PCP delegation but which was really to explain to the Communist militants the liberalization process in the USSR and how the Portuguese party views it.

#### Discovery of 'Openness'

It is impossible, however, to discuss the topic with the Communist leaders. None of them is available for interviews on this matter, a PCP spokesman explained succinctly. This is also the reaction of the president of the Communist bench in the parliament. For Carlos Brito, public discussion of the matter began and ended with the rally; there is nothing to add. Among the officials of the Portuguese Communist Youth (who, by definition, would be more sensitive to Gorbachev's changes), one detected an initial willingness to talk. However, after the secretariat analyzed the matter (and possibly consulted with other party organs), it was concluded that such statements were "not considered timely."

So it would not be thought that this attitude was more or less reticent, some Communists have been advising: "Read 'The Party with Glass Walls.' It has a good deal to say." The idea is that Alvaro Cunhal's book, published in 1985 (the year in which Gorbachev was elected secretary general of the CPSU), contains ideas very similar to those of the Soviet leader. Coincidence or not, the fact is that the idea of openness suddenly appears as common to the two communist leaders. Gorbachev's basic order of the day, "Glasnost" (read "glassnesst"), means "transparency," "sincerity" (although it is often translated as "openness"). And Cunhal's book was announced in AVANTE! with the following phrase: "Let us work, struggle, live openly."

Thus, the PCP leader would be a Gorbachevian "beforehand." Within the party, it is customary to say that some of the methods recommended by Gorbachev, such as the election of officials at all levels, are already very much the rule among the Portuguese Communists. At the Lisbon rally, Cunhal declared: "Our own struggle and our own experience enable us not only to understand but to hold in highest esteem the CPSU's struggle to democratize the entire Soviet society."

### Only 'Mutual Understanding'

The similarity between Cunhal and the Soviet leader may not go beyond the common use of the theme of openness. The fact that the Communist officials in Portugal refused to discuss the matter with the press--unlike what is happening in Moscow today--would be an indication of this, a small sign, but one which leaves room for speculation about other signs pointing in the same direction.

For example, it would be difficult to see Gorbachevian language in "The Party with Glass Walls" (an exhaustive systematization of the principles of a traditional Leninist organization, in which the innovations consist in recognizing that there are no "models for socialism," that no militant should be "ashamed to be happy" and that the party "does not seek to mold individuals into a stereotype of supposedly perfect men and women." In his work, Cunhal advocates the non-secret vote at all levels of the party, whereas Gorbachev has been fighting against it in recent times. (In the RTP [Portuguese Radio-Television System] interview, however, the PCP leader admitted that the book contained what "could be indirect references" to what is happening now in the USSR.)

Nor have there been changes in the political language of the PCP. A reading of the most recent issues of its official organ shows that the titles repeat expressions of years ago: "Workers' Struggle Increasing"; "Masses Must Respond"; "Demission of Government Imperative Task"; "New Government and Different Policy"; "To Strengthen the Party"; "Intensify the Mobilization"; "Prospects for Viabilizing Political Change"; and so on.

Last, in the final communique from the recent meeting in Lisbon between the PCP and the CPSU delegation (led by Nicolai Slinkov, recently promoted by Gorbachev to the directive organs of the party) would indicate a lack of perfect understanding. The statement speaks of "total mutual understanding," not of a convergence of viewpoints. Neither the PCP nor Alvaro Cunhal (in the RTP interview) has explicitly expressed support for the reform process in Moscow.

### Understanding Prevails

In the "friendship rally," Slinkov spoke of "restructuring" of the socio-economic development of the Soviet society, to arrive at a "new qualitative situation" and a "new way of thinking."

Cunhal opted for a doctrinaire tone, mentioning "Marxism-Leninism" (an expression which the guest never used), "criticism and self-criticism," "the total building of socialism in the Soviet Union" and "stronger cohesion in the international communist movement."

Despite these "nuances," however, understanding and alliance, not discord, would still seem to prevail between the two parties. The fact that Alvaro Cunhal is the most prestigious Communist leader of his generation in the West assures him of a special audience in Moscow.

Incidentally, Gorbachev knows the Portuguese Communists well; he attended their 10th Congress in 1983. It is certain that, in multilateral relations among

Communist parties, the PCP leader has played a prominent role, not only with the more than likely consent of Moscow but also, certainly, in its service, as an influential intermediary. It would have been in part in this capacity that Cunhal made his December trip to China, Vietnam, Kampuchea, Laos and, finally, the Soviet Union. He himself admitted that, in the Far East, he would act to work out the disagreements between the Vietnamese and Chinese Communists and, in turn, between the latter and the Soviet and Portuguese Communists. Strangely (and this was also a novelty in his book), Cunhal now admits that each party has a right to be different (case of the Chinese)--a break from the traditional monolithism which Gorbachev has also made. To achieve the political unity of this diversity of lines which characterizes the Communist movement today, the PCP leader seems to be working even harder than the CPSU, as was made clear in his speech last week.

#### A PCP with No Gorbachev

Thus, mixed messages have been launched in different directions, which prevents any reliable evaluation of the status of relations between the PCP and the CPSU. Although openness is advocated on both sides, these relations are not exactly surrounded with glass walls.

The tenuous inferences indicate that Gorbachev's reforms are viewed with expectation and sympathy by the under-50 generation in the PCP. They do not feel there has been a breakdown in the USSR because, they explain, the Soviet leader rose within the CPSU and was elected by the party, so the reforms must have been seen as necessary in the eyes of the majority. They admit, however, that the reforms have come late and it is no longer possible to lag behind the technological progress in the world and to continue to prevent the dissemination of information in the USSR. Although they do not deny the evidence of an "economic revolution" in progress, they insist that Gorbachev has not challenged the principles of Marxism-Leninism.

This generation is not the one in power, however. That generation was the one which guaranteed the functioning of the party before 25 April and its ideas have been consolidated since then. From the indications we have, many people in the PCP believe that no internal reform will take place until the gerontocracy is replaced. Incidentally, the party declares it is "modern" and does not need the Soviet kind of reforms, since the Soviets are not in authority; the reform only applies to the others.

At the 10th PCP Congress, a group was created, comprising Cunhal, Brito, Octavio Pato and Carlos Costa, to arrange for the secretary general's succession. A prominent younger party leader doubts, however, that these leaders are at all sensitive to the need for renovation. And among the younger leaders, there is no sign of one who might come to direct such a process. The problem of the PCP in the future could quite probably be that it will not have found its Gorbachev.

6362

CSO: 3542/66

POLITICAL

PORUGAL

GAP BETWEEN PRD, EANES SEEN WIDENING

Lisbon EXPRESSO in Portuguese 28 Feb 87 p 3

[Article by Jose Antonio Saraiva]

[Text] The foreseeable is now happening between Eanes and the PRD [Democratic Renewal Party].

Actually, the fact that Eanes was president of the republic should have dictated against his being a full-fledged party leader.

--Above all, given the circumstance that Ramalho Eanes sought to be a national president; that is, a president whose action was not based on ideological or personal motivations but on what he saw as the interest of the nation.

It is noted that General Eanes became chief of state in 1976, placed there by the Armed Forces, which presented him as a "national institution" par excellence.

It is obvious that a man who played this role for 10 years is not in a good position to become, from one day to the next, the leader of a group.

He could be the "point of reference" for the PRD.

He could even be its president.

But he would always have to exercise the office in a discreet, distant and reserved fashion.

He was committed.

He wanted to lead the party, truly.

And the results are there to be seen. The PRD is involved in struggles in which the former president of the republic cannot be embroiled, and this means establishing more and more of a distinction between the positions of the party and his "personal position."

Well, it is obvious that this distinction did not come off.

The country can no longer perceive which is the real position of the PRD: that of the deputies or that of the president of the party.

Moreover, those who joined the Democratic Renewal Party because they had personal confidence in Gen Eanes no longer know what opinion they should follow--if it is the "official opinion" of the party or the "personal opinion" of the president.

The confusion threatens to become a fatal one.

In the minds of the Portuguese, the Renewalist camp now seems to be inhabited by two separate entities.

On one side is a party with its own personality, one which tends to form an independent reality.

On the other side is a former president of the republic, who, although he assumed the formal leadership of the party, is not a part of it.

The situation is aggravated in that the PRD was born, took its first steps and was affirmed as a party in the absence of Eanes.

It is clear that if Gen Eanes' later integration had gone smoothly, no one would remember this.

If the PRD and Ramalho Eanes spoke today with one voice, the question would not be raised.

But in light of what is happening now, the problem inevitably comes up.

And not even the generous efforts of Hermino Martinhos to blend the party positions with those of the president, to harmonize the opinions of the party with those of its president, can disguise the existence of two realities in the Renewalist camp.

The PRD is one thing.

Gen Eanes is another.

6362

CSO: 3542/66

## 'PRAVDA' TRANSLATED IN PORTUGUESE

Lisbon EXPRESSO in Portuguese 28 Feb 87 p 18-R

[Article by Orlando Raimundo]

[Text] "Soviet chic," discovered by the Parisians and now in vogue in more cosmopolitan European centers, has arrived in Portugal, in the form of the publication PRAVDA, the official organ of the CPSU.

The idea, tried out with success in the Netherlands, Sweden, Denmark and Greece (and planned for Israel), originated with four Danes: Erik Stephensen, Eva Birgitte Henningsen, Jorgen Flint Pedersen and Ludvig Bransen--Social Democrats by conviction, associated with the unions and with television in Denmark and not suspected of any ties with the international communist movement.

The issue of PRAVDA--the only one in the Portuguese language--reproduces the eight-page original which was distributed to all the Soviet Socialist republics on 16 Feb 1987. It was translated by a team led by Carlos Fino, former RTP [Portuguese Radio-Television System] correspondent in Moscow, at the invitation of Eva Henningsen, a newswoman based on Lisbon. Danish Independent Production had 100,000 copies printed, under an agreement with the Portuguese publisher Querco, and they went on sale throughout the country at 200 escudos per copy.

The other translators were selected by Carlos Fino, who knew them when they were all living in the Soviet capital. They are newsman Jose Carlos Barradas (on the editorial staff of Radio Comercial); Florestino Marabuto (associated with foreign commerce); Khalima Naimova (a Soviet who has a degree in Oriental literature and the Persian language; she is married to a Portuguese and teaches in Lisbon); Celso Cunha; Cesar Correia; and specialists from the Novosti Press Agency. The translation produced by the agency men contained so many mistakes that it had to be entirely rewritten, EXPRESSO learned.

A close reading of the 16 February issue of PRAVDA gives some idea of the characteristics and effects of the current reform policy promoted by Gorbachev.

One page is particularly interesting: the one containing the letters from readers, highly critical of the liberalization and the reform program of Secretary General Mikhail Gorbachev.

Leafing through the issue, one finds a little of everything, from formal articles containing straight propaganda to appeals for the punishment of negligence, as in the case of an assessment of the work attitudes which prevail in the railways.

6362

CSO: 3542/66

## PCP MILITANTS REPORTEDLY ASSIST FOREIGN SECRET AGENTS

Lisbon TEMPO in Portuguese 19 Feb 87 p 64

[Text] Communist Party militants regularly offer assistance to all kinds of foreign secret services, and especially to those of Angola and various Eastern bloc countries.

The support given to the Angolan secret services is quite significant; sources close to the intelligence services told our newspaper that a large part of the DISA [Directorate of Security and Intelligence] work in Portugal is done by communist militants, who devote a great deal of the party activities to this cooperation with friendly countries. This support goes from the collection of information on UNITA activists in Portugal to the surveillance of their activities and the grant of transportation means.

In relation to certain Eastern bloc countries, which have numerous agents in Portugal under the guise of diplomatic personnel, the support provided by the communist militants is more reduced, but nevertheless quite important.

Indeed, the agents that are found in the embassies of the great majority of Eastern bloc countries are under the permanent surveillance of the military intelligence services, specifically the counter-espionage organization headed by Commandant Serradas Duarte, whose headquarters are on Avenida Gago Coutinho. Due to the lack of operational means, the Serradas Duarte men are often outwitted in the streets of Lisbon by experienced agents who enjoy diversified support. More concretely, certain diplomatic "functionaries" are limited in their travels around the country because their "curriculum" is only too well-known by the military intelligence services. Moreover, even those who are not known to be secret agents cannot carry out their activities unimpeded by using, for example, embassy vehicles. This is where they receive the precious cooperation of some communist militants, who put at their disposal "clean" vehicles they can use for their trips. As is known, Portugal is a paradise for various things, and particularly for spies. Until recently, only the military services, through the DINFO [Intelligence Service] carried out counter-espionage activities and detected eventual actions against the security of the state. In spite of inefficient and scarce means, these services were able through

the years to detect the movements described above and to make a list of a group of PCP militants and officials involved in the support to foreign secret services. The recent polemics on the existence of dossiers about these militants may, meanwhile, make a serious problem related to the hiring of personnel in the SIS [Security Intelligence Service]—a service that will take over in a few years many of the tasks of the DINFO--fall into oblivion. According to reliable sources contacted by TEMPO, the silence maintained by the PCP in relation to the "new secret services" may mean that the Portuguese communists have already been able to carry out the necessary infiltrations. It should be recalled that the PCP is the only political party with a real intelligence service and that, for this particular reason, it could feel threatened by the establishment of the SIS.

/9604  
CSO: 3542/75

## DISARRAY SEEN WITHIN PCE, SUCCESSION VIEWED

Madrid CAMBIO 16 in Spanish 16 Feb 87 pp 30-31

[Text] When the Central Committee of the Spanish Communist Party (PCE) met on 2 July 1986 to discuss the results of the last general elections, Gerardo Iglesias, PCE general secretary, was unable to present a very satisfactory result. The Communists and their allies had garnered only 65,000 more votes than in 1982, although they had improved the number of deputy seats won: they went from four seats to five, plus another two won by their coalition partners.

Using this argument, he called the elections a step forward, and proposed, through Francisco Palero, PCE secretary of organization, that the 12th Party Congress be held at the end of that same year. Holding the congress at that time would ensure his reelection, and would entrench him at the head of the PCE.

His proposal was supported by Marcelino Camacho, general secretary of the Workers Commissions (CCOO). However, for the first time in the history of the Communist Party, a proposal by the general secretary, supported by the organization secretary and the leader of the main mass organization of the party, was voted down.

After that meeting, an open search was launched for an alternative to Gerardo Iglesias. From the PCE itself a study was leaked a few days later, indicating that the leadership deficiencies of the general secretary had lost the United Left (IU) coalition several hundred thousand votes. All recalled Iglesias' stubborn insistence on including the Humanist Party and the Carlist Party as partners in the IU, and these parties turned out to be the weak flank of the coalition during the election campaign. They were finally invited to "reconsider their presence" in the IU.

But the steps the PCE is taking to seek an alternative to Gerardo Iglesias are very cautious. An increasing number of people are talking about the paralyzation of the party and are placing their bets on one or another candidate, and they range from the rank-and-file militants to members of the leadership. But no one wants to state this publicly, and they continue to say, "Substitution, yes, but not at the cost of a new crisis . . . This could be the last."

According to critics, as a result of this situation the PCE central committees "are not discussing politics, but rather are focusing on sectorial issues, including local conflicts. The commission that was formed to draw up the new PCE manifesto-program has been stalled for several months, all because it keeps skirting the real issue . . . but no one will make the decision to cast the first stone, because whoever does so will be automatically disqualified." This is a PCE version of Alfonso Guerra's phrase: "If you move, you won't come out in the picture."

Some Communist leaders believe that the PCE is "on a threshold of frustration, between an unwanted reality and an unattained expectation." Meanwhile, Gerardo Iglesias appears to be oblivious to the situation, and is withdrawing further and further into himself. His criticism of the functioning of Parliament, a forum where he hardly even shows up, and his constant calls for "direct democracy" are, in the opinion of his critics, "very dangerous, because by not offering solutions or implementing those proposed by others, they give the impression that the PCE is pulling out of that institution."

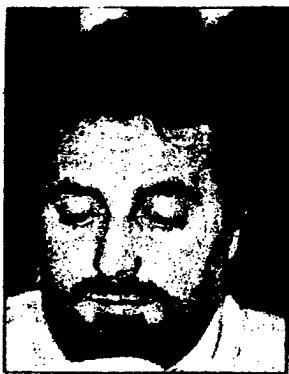
At other forums, demonstrations, or rallies of students, laborers, or people made homeless by the Riano dam, Gerardo Iglesias is right at home. Sometimes he has been rejected, however, as at the student demonstration last 17 December. On that occasion, Iglesias placed himself at the head of the demonstration, carrying a sign, even though no one had invited him. A few minutes later, a lad of 18 asked him to leave, saying, "This is a demonstration of students, not politicians."

The debate has even reached the heart of the Communist trade union. The CCOO is girding for the battle to succeed Marcelino Camacho as general secretary. The veteran labor leader will abandon that post and plans to propose at the next CCOO congress the creation of a presidency, which he would occupy. His favored successor is Antonio Gutierrez, who until now has been responsible for the union's press relations and public image. This operation would give Camacho more time to devote to the PCE without losing control of the CCOO. It is denied, however, that he will run for PCE general secretary.

On more than one occasion Iglesias has been criticized for "his lack of political prudence." At a recent press conference held by the United Left in the Congress of Deputies (where the idea was to criticize the position of President Felix Pons on access to classified documents), the PCE general secretary infuriated the other parliamentarians with his threat to "take steps if we continue to be regarded as the whipping boy of Parliament."

One of his benchmates commented to CAMBIO 16: "Gerardo doesn't know about anything. We had come to criticize Pons, and we had him dead to rights. His digression has turned this into a disaster. People are now talking about whether IU will leave Parliament or not . . . If we keep going like this, we will have nothing but a testimonial role. But if he wants to leave, let him go, although I think he would be on his own."

### Three Men in Waiting



Julio Anguita

**Pros:** He is charismatic, capable of giving the PCE an image, and he has the backing of the most powerful territorial organization of the Communists.

**Cons:** On occasion, his discourse approaches the messianic and demagogic. If he became a PCE leader, he would do so without serving in Parliament until the next elections.



Nicolas Sartorius

**Pros:** He has many years' experience in leading the Communist Party. He has some backers in the CCOO, and his image is good. He has no known enemies.

**Cons:** Little capacity for work. PCE sources accuse him of getting through all the crises of the party "without even getting his hair mussed." He is a "yes, but" man.



Enrique Curiel

**Pros:** It is thought that he has one of brightest political futures in the country. He would be supported in Andalusia, the Parliamentary group, and the organization of intellectuals and artists.

**Cons:** He has the image of a "junior" politician who has not yet given his all. He was at one time considered Santiago Carrillo's "dauphin," although he later became one of his worst enemies.

8926  
CSO: 3548/55

## MELILLA LEADER PAYS ALLEGIANCE TO MOROCCAN KING

Dudu Present at Ceremonies

Madrid EL PAIS in Spanish 5 Mar 87 p 19

[Article by Fernando Orgambides]

[Excerpts] Rabat--The leader of the Moslem community in Melilla, Aomar Mohamedi Dudu; his brother-in-law, Adelaziz Uariachi, a Moroccan customs official; and the religious chief of that community, Sid Driss Abdelkader, yesterday paid homage and pledged allegiance to King Hassan II of Morocco, in his dual capacity as chief of state and religious leader. This took place during the traditional "La Bayaa" ceremony, which was held shortly before sundown in the Moroccan capital of Rabat. Dudu, Abdelkader, and Uariachi did the obligatory five bows before Hassan II, who was riding a black steed.

"La Bayaa" is the culmination of the festival of the Moroccan throne. Many representatives of the 50 prefectures of the kingdom attend the festival, including notables, deputies, mayors, and caids. Each delegation is headed by the governor of the prefecture. This ceremony is repeated every year.

The three representatives of Melilla arrived at 1710 hours at the "mechuar" (esplanade) of the royal palace in Rabat, where the ceremony was held. This was just 10 minutes before the king appeared, and all the formations were practically completed. They were guided by an official of the Moroccan Interior Ministry, who placed them in the second formation, on the side just opposite the dais where guests were seated and in front of camera 3 of Moroccan Radiotelevision. The Melilla group was only 10 meters away from U.S. Treasury Secretary James Baker, a guest of honor.

This is the first time that Dudu and Abdelkader, at least, who hold Spanish papers, have pledged allegiance to King Hassan II. This automatically makes them subjects in the service of the Moroccan throne.

The presence of the group from Melilla did not surprise Spanish diplomatic observers in Rabat, because in his royal message last Tuesday the king made it very clear that the Moslem residents of Ceuta and Melilla were "loyal subjects" of the crown. This gave advance warning that they would be present.

[The government's delegate in Melilla, Manuel Cespedes, yesterday termed Hassan II's speech of last Tuesday as "smooth, prudent, and moderate," reports the Efe news agency.]

#### Low-Key Reaction

Madrid EL PAIS in Spanish 7 Mar 87 p 15

[Excerpts] Madrid--The undersecretary of the Interior Ministry, Jose Luis Martin Palacin, declared yesterday that the Spanish Government will not revoke Aomar Mohamedi Dudu's Spanish citizenship. Dudu is the leader of the Melilla Moslem community who attended the ceremony in Rabat at which people swore allegiance to King Hassan II of Morocco last 3 March.

Martin Palacin made some statements to the Europa Press agency to the effect that the government does not plan to take any action against Dudu. "We are not willing to waste more time on a person who is politically washed up. The fact that he paid homage to the king of Morocco," added the undersecretary of the interior, "does not surprise us, but it is not worth the trouble to get upset over anything Dudu does now." Martin Palacin went on to state that "the judge has issued an arrest warrant against Dudu, and if he enters Spain he will be detained. In the meantime, we are not going to pay any attention to him. And, of course, no one intends to ask Morocco to extradite him."

This response by the undersecretary of the interior conflicts with what was indicated Wednesday by the government's delegate in Melilla, Manuel Cespedes. He stated that by attending the ceremony in Rabat, Dudu "has expressly renounced his Spanish citizenship," reports Avelino Gutierrez.

#### Criticism in Melilla

Dudu's presence in Rabat on the occasion of the official ceremony last 3 March prompted severe criticism by all Melilla politicians [passage cut] made from abroad. Therefore, indicated Dario Fernandez, the specific case of Dudu falls under the jurisdiction of the National Tribunal and not the court of Melilla.

#### No Ceuta-Melilla Parallel

Madrid CAMBIO 16 in Spanish 16 Feb 87 p 21

[Article by Isabel de Torre and Jose Luis Villar]

[Text] Ceuta and Melilla have generally been regarded by the public as territories which have similar problems. Although there is a curious phenomenon of resonance between the two cities, however, both their geographical situations and their populations are completely different. This fact gives the so-called "problems of the Moslems" some very different connotations in the two cities, which are more than 500 kilometers apart and are joined by a highway.

As for Melilla (the current center of tension), located some 200 kilometers from Almeria, there is one person, Aomar M. Dudu, and a Moslem population which have some very unique characteristics.

Our first contact with Dudu as advisers to the community took place some time ago, when the first assembly of Melilla Moslems was held in the Canada de la Muerte in October 1985. At that time we were aware of the abject poverty and subjugation suffered by a group of people merely because they were Moslems. The climate by this time was very propitious for the emergence of a leader who would take control of the situation, and that is how the ineffable and historic Dudu came on the scene. Dudu was a loner who lived under precarious circumstances and knew how to transmit succinct messages; his cry "No to the Alien Law!" capitalized on the legitimate aspirations of the Moslem population and made him a "charismatic" leader.

At the same time, however, Dudu is ambitious, tremendously ambitious, and the power he derived from representing so many people who live in absolute oblivion was used only for his personal benefit. He likes money (which until now he had not had), and he enjoys feeling that he is a protagonist in events--so much so that he brings about these events himself. He has a way with the mass media, and is as wily as a fox. He became entangled in the net like a fish in water, however, and that is why he is more fearful of possible solutions than of remaining in a tense situation.

In contrast, Ahmed Subaire, leader of the Moslem community of Ceuta, has a completely different personal orientation. He also faces a different kind of problem. Ceuta is a city closer to the peninsula (18 kilometers), and practically all of the Moslems have papers. This community was also concerned, however, about the possible enforcement of the unfortunate Alien Law, but Subaire, with the help of the Christian community, opted for dialogue and negotiation. As a result of this policy, he has made some positive achievements in the area of nationalities (speeding up the processing of files, provisional National Identity Documents or DNIs, special status for resident, non-citizen Moslems, etc.), and has also made improvements in housing, health, and education.

Dudu's policy of scandal and confrontation contrasts with this legal channeling of issues. First Dudu demanded Spanish citizenship above all, and made some unquestionable social demands. Afterwards, he raised a Moroccan flag that has confused everyone in terms of where it will lead, if indeed he intends to obtain recognition of a decent standard of living that way. In contrast, the Moslems of Ceuta do not have to visit that neighboring country to see their leader; they have never flown any flag other than the Spanish one, and they have ahead of them a hopeful future that will make up for the long years of neglect when they were systematically excluded.

The lone ranger has only succeeded in creating problems for those who always end up paying unjustly, because no one is able to understand or interpret his reality. The Moslems of Melilla, when it comes right down to it, are only asking to be treated with a modicum of dignity, despite the interference of the "charismatic leader" who is too caught up in himself and his pathetic scheme.

## RELIGION SEEN UNDERMINED BY LEFTIST TEACHERS

Athens I KATHIMERINI in Greek 12 Mar 87 p 10

[Article by Spyros Alexiou: "Coincidences or a Plan?"]

[Text] An unprecedented and momentous event a few years ago gave us cause to express our concern and warn the authorities of the Church [of Greece] of what was in store for us.

In 1982, the results of the student elections in the Theological Schools of Athens and Salonica Universities showed that a large number of students cast their votes for candidates of the extreme Left. At that time, we considered this phenomenon as very disturbing because simple logic dictated that atheists--by definition--were attending these Schools of Theology.

And we thought: What will happen if in a few years these students become teachers in our country's schools charged with teaching the subject of religion? At that time we had warned of the impending danger and noted that the only ones who were not to blame for the situation were the students themselves because, as a result of the comparable grade scoring [university admission] system, the electronic computer forced them to study a profession in which they had no faith or which, should we say, they detested. They simply wanted any profession for work and livelihood.

We pointed out at that time that the Theological Schools should be exempted from the computer admission system and that only those with an inclination to theology, the true believer, should be enrolled in these schools. Unfortunately, neither the church nor the theological school authorities reacted. The results were not late in emerging.

A letter we received from Poros and signed by parents of high school students confirms that atheism, which is systematically taught in Schools of Theology, has begun to bear fruit. They write: "We are parents of boys and girls attending the Poros Senior High School and we feel the need to vigorously protest to all appropriate authorities about an exceedingly serious issue.

"Every day we hear from our children that their teacher of religious instruction enunciates during class sessions unbelievable theories and blasphemies which undermine the teachings of our church. And to achieve this,

the teacher dictates to the students from his personal notes disregarding the approved textbook on the subject. We transfer here some of his infuriating theories: Christianity is an amalgamation of various philosophical beliefs and social demands. Jesus' death and resurrection is a repetition of ancient myths about the death and resurrection of gods. Christ's miracles have only a symbolic importance. An ecclesia (church) is a gathering of co-religionists.

"The Christian message has been an obstacle to the abolition of slavery and to the advancement of civilization in general. The courses on religion feed propaganda which teaches doubts about Christ's deity and even tells the students that many people doubt if Jesus Christ ever existed as a historical person."

So write the parents of Poros who are asking for our help. All these stupid and historically absurd things could perhaps be overlooked if they concerned an isolated case. Unfortunately, however, the messages coming from various parts of the country confirm that such teachers of theology have been appointed in our schools for the purpose of completing a programmed task. We say this because we well remember that when so-called socialism was the opposition party, it tried with debates in the Chamber of Deputies and with articles in the press to magnify any mistakes or irregularities by the clergy in order to shake the church's authority.

And a thoughtful commentator of the socialist camp wrote: "Stop all this nonsense of scandals. This way you do not weaken but instead strengthen the church. In order to succeed [in our goal] two things must happen: the state should take over all the property the church owns and courses on religion should be eliminated in all schools."

Well, with all these things happening one must be naive to attribute them to "coincidences".

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CSO: 3521/99

ECONOMIC

GREECE

BRIEFS

STAGNANT INDUSTRIAL PRODUCTION--The 1986 industrial production remained stagnant. According to National Statistical Service data the industry's production index during the January-December 1986 period increased only by 0.26 percent compared to the corresponding 1985 period. The mines' production index increased by 1.0 percent while the overall production index (mines, industry, electricity, and natural gas) increased by 0.45 percent. More specifically, in December: a) the overall production index decreased by 4.6 percent; b) the mines' production index decreased by 6.6 percent. Development of this index was affected by the dropping production indices of lignite, bauxite, iron-nickel ores, oil, export of natural gas, quarries, construction materials, and magnesite despite the increase in the index of chromium-manganese production; and c) in December the industry's production index decreased by 5.9 percent. [Text] [Athens I KATHIMERINI in Greek  
11 Mar 87 p 9] 7520

CSO: 3521/99

## FIAT FUTURE GROWTH ANALYZED

Rome LA REPUBBLICA in Italian 6 Feb 87 Supplement p 7

[Article by Giuseppe Turani: "Romiti Puts Fiat on Track for the Nineties"]

[Text] Turin--They had explained it in Turin in every possible way, but the concept seemed so fantastic that they had not been believed: "From 1980 to 1985 we have brought Fiat back up to scratch; from 1986 on, our bread and butter on the eighth floor in the Corso Marconi is going to be growth and development." And indeed, in the charts being passed from hand to hand among the chiefs of the Agnelli group, there can be glimpsed an economic empire that, in the nineteen-nineties lap of the race, will be rather firmly installed in the circle of the two or three great economic complexes of Europe.

The press has already published Fiat's main financial results for 1986. The two figures that were most striking were sales, which came very close to 30 trillion, and the operating profit, which amounted to 2.55 trillion.

## Some Surprises

To many, these were in themselves achievements that seemed difficult to surpass. However, 1987 will hold a few surprises. The most important facts will be these four:

- 1) There will be an increase of about 30 percent in sales. Fiat's consolidated sales volume will thus amount to over 37 trillion, and should then quickly pass 40 trillion, to end up aiming in the direction of 50 trillion. This is why it is no bold prediction that foresees the Agnellis among Europe's top two or three groups (in sales volume) within a few years.
- 2) Employment, which has been steadily diminishing for years, will start to grow again, more or less at the rate of sales. The reason for this will be seen below. As against the barely 226,000 of today, the work force will go well over 260,000.
- 3) There will be the investment explosion. With the reorganization of the automotive industry completed, the group will not stand still, but will go forward with an impressive rate of investment: over 3 trillion lire in 1987 alone. In Turin, it is foreseen that this pace will remain unchanged for the next 3 years at least, for which period investments of something like 10 trillion lire are foreseen.

4) There will be a concentration, even (and indeed especially) as regards technology, on Europe, while the two big options of the United States and China remain open.

But let us return to the first point, the growth of sales. How will it be brought about? At first view one might even think it was merely a bookkeeping effect: the figures for Alfa Romeo (combined with Lancia), those for Snia, and those for Iveco-Ford U.K. will be consolidated into Fiat's 1987 statement. All of these are holdings that for some months or years have called Fiat home, but whose accounts were not maintained together with the group's. The policy will change in 1987. The Agnelli's probably want to make a little image effect, or else they deem these holdings of theirs to be ripe for going into the overall accounts.

The final outcome, however, is unaltered: while the group's scale today lies under 30 trillion, at the end of 1987 it will not be very far from 40 trillion. And if we take into account other holdings which will remain outside the overall consolidation yet awhile, we can say that Turin will probably already go over 40 trillion in 1987.

This is not just a matter of figures. After this move, locating the second-ranked Italian industrial group (Montedison) will mean having to drop all the way down below 14 trillion. This means that the existing imbalance between the Agnelli group and the rest of Italian industry is increasing: compared to number two, which is indeed Schimberni's Montedison, it will be two and a half times, perhaps even three times, larger. This is a fact that gives food for thought. The other side of the coin, however, is that Fiat is nearing the size of the other European groups.

The personnel increase, from under 230,000 to over 260,000, arises directly from this situation, that is, that firms hitherto omitted from the corporate accounts have been included. An accurate analysis (which will be possible at the end of 1987, when precise data will be available) could indeed show that, while employment is growing on account of the new firms "that are entering" Fiat officially, the Turin group is in reality continuing to prune the number of its employees, although less rapidly than at one time.

In light of this growth, stemming from recent acquisitions (like Alfa Romeo) or from less recent ones (like Snia), it might be of interest to see how the 1987 figures will be. The planning forecast on the eighth floor in the Corso Marconi is very simple: the operating revenue of the group will be roughly equal to that of 1986, that is, in the neighborhood of 2.6 trillion lire. In reality, as the accounts make clear, Fiat will have to deduct a 350-billion reserve for Alfa Romeo's losses and another 300 billion for increased expenditures for research and development and for reorganizing other firms. This means that the 1987 operating revenue would have equalled 3.2 trillion lire, but--because of the expenses listed here--will drop to 2.6 trillion. There is of course one big variable in this calculation, and that is Alfa Romeo.

More than a few in the Corso Marconi deem a 350-billion reserve for losses to be high. Should things go the right way, and, in particular, if the labor

problem which has just begun should end well, then this 300 billion could be reduced to 200, or even 100, billion. In this case, the final operating result would be above that for 1986 by the corresponding amount, thus nearing or somewhat exceeding 2.7 trillion lire.

The challenges that will be issued in the course of 1987, and that will define Fiat's look for the nineties, are basically four, each of which is of considerable importance: a) cars; b) industrial vehicles; c) auto parts (which have a large electronics content, and will thus be interspersed with the rest of the group's activity); d) space/defense, which will primarily revolve around Snia and other firms already within the group.

To get a more precise idea of how matters stand, it must be stated that Corso Marconi is totally committed to going forward with what has been called the "flagship wars." Building on the Alfa-Lancia complex, they want to construct, within 4 or 5 years, a firm able to turn out and market 600,000 "major" vehicles a year. Just to have a point of comparison, this means the same scale that Mercedes has today in this sector, which is completely dominated by German producers.

This is no trifling challenge, but at Fiat they are convinced that nothing less will do. The group's destiny is largely bound up with the automobile and with Europe, and it is therefore impossible for it to turn its back on what is today one of the lines with the greatest promises and the greatest future (the "flagships"), even though this is going to mean billions and billions in investments.

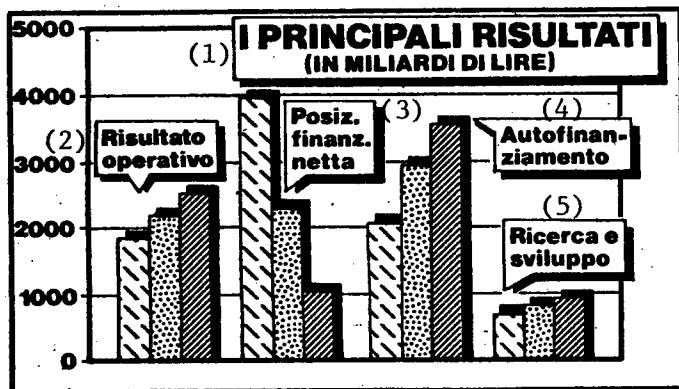
Neither is the industrial-vehicle issue being ignored--little though we tend to think of it, given that Fiat primarily represents automobiles in people's minds. In the past this sector was very important for Turin, especially while it held the monopoly of the Italian market. Then there were a series of difficulties, and things went quite decidedly sour. The trucks, in a word, cost hundreds of billions. Today a broad reorganization project has been started, and things are already going better. As a consequence of various takeovers, Fiat has come to have 21 percent of the European industrial-vehicle market, compared to the 23 percent held by the overall leader, Mercedes, and to the 10 percent held by the firm in third place. Thus a race to become the Old World's leading truck producer is not impossible. And this is no trifling affair. In 1987 Fiat automobile will produce profits of 20 trillion (it will thus by itself be about one and a half times the size of all of Montedison), while Iveco (industrial vehicles) will have sales of over 6.4 trillion lire.

Another line of business we are not used to considering is components, which in the future will be pivotal for what Corso Marconi is already calling "Greater Magneti Marelli." A group of firms has been gathered around this corporation, including the former Matra firms, and these should collectively have sales of something like 2.5 or 2.6 trillion as early as 1987. Given the accelerated introduction of electronics into automobiles and trucks, we are dealing here with a sector which has now become strategic, but which at Fiat was living in the shadow of the group's internal requirements until not many years ago. Now it is being pushed out into the marketplace and will have to run with it.

## The Major Lines

In essence, if we were to trace today the profile of what Fiat will be doing in 1987, these facts would stand out: 50 percent of sales are to come from automobiles, which are thus reconfirmed as Turin's most important task; 20 percent from industrial vehicles, whose weight in the group's figures is thus a little less than half of that of cars, but certainly not marginal; "Greater Marelli" and Snia, finally, should contribute some 6 to 8 percent each. These are the group's four major lines of business.

The plans circulating on the eighth floor in the Corso Marconi, in which the Fiat of 1990 is already outlined, set forth a somewhat different profile. The automobile share in overall sales (which will meanwhile have grown by 50 percent above those of 1986) is to fall from the present 50 percent to 45. At that point, indeed, cars alone will account for as great a revenue as all of Fiat a year or so back. Iveco's share is to remain constant at 20 percent of total sales (within a sharply increasing total, however). Trucks are thus going to increase their actual sales by a good 3 trillion. Finally, Snia itself (with its associated firms) and Marelli will show strong growth. Indeed the shares of these two subgroups, which are around 6 to 8 percent apiece today, are to rise to 10 percent, with a near doubling of actual sales compared to current figures.



- 1984 1. Main Financial Results (in billions of lire)
- 1985 2. Operating Profit
- 1985 3. Net Financial Position
- 1986 4. Self-Financing
- 1986 5. Research and Development

1. The Group by Sectors
2. Sales
3. Employees
4. Accounting Period
5. Cars
6. Industrial Vehicles
7. Agricultural Tractors
8. Earth-Moving Machines
9. Metallurgical Products
10. Parts
11. Production Equipment and Systems
12. Civil Engineering
13. Railway Products and Systems
14. Aviation
15. Heating Equipment
16. Telecommunications
17. Bioengineering
18. Publishing
19. Tourism and Transportation
20. Other
21. Total
22. Intra-Group Sales
23. Group Total

## (1) Il gruppo settore per settore

	(2) Fatturato	(3) Dipendenti	
		(4) Dic. 1986	(4) Dic. 1985
Automobili (5)	16.400	14.392	99.162
Veicoli industriali (6)	5.450	5.394	33.500
Trattori agricoli (7)	1.800	2.149	10.780
Macchine movimento terra (8)	911	949	5.615
Prodotti metallurgici (9)	1.153	973	11.767
Componenti (10)	3.679	3.319	39.168
Mezzi e sistemi di produz. (11)	800	745	4.388
Ingegneria civile (12)	495	369	2.489
Prodotti e sist. ferrov. (13)	171	158	1.155
Aviazione (14)	606	462	4.528
Termomeccanica (15)	—	180	—
Telecomunicazioni (16)	540	497	4.942
Bioingegneria (17)	—	149	—
Editoria (18)	270	213	1.320
Turismo e trasporti (19)	219	267	2.333
Diversi (20)	449	345	7.303
<b>Totali (21)</b>	<b>32.543</b>	<b>30.561</b>	<b>228.450</b>
Interscambio (22)	(3.923)	(3.460)	
<b>Totali gruppo (23)</b>	<b>29.020</b>	<b>27.101</b>	<b>228.450</b>
			<b>226.222</b>

13070/8918

CSO: 3528/85

## STATISTICS SHOW GNP INCREASE IN 1986

Madrid EL PAIS in Spanish 6 Mar 87 p 53

[Excerpt] The National Statistics Institute (INE) reported yesterday that the Spanish economy grew by 3 percent in real terms last year, hitting the government's target right on the mark. Its estimates indicate that wage-earners received a raise of 12.9 percent in nominal terms, compared to the 13.8 percent reported in business surpluses; this represents a smaller gap than had been seen in recent years. The gross national income rose by 14.7 percent, also in terms of the pesetas of each year, while savings grew by 21.8 percent.

This Advance National Accounting report, which the INE compared with the figures of the Bank of Spain and other government institutions before publishing, is less optimistic than the picture that was painted to the Congress of Deputies several weeks ago by Minister of Economy and Finance Carlos Solchaga. But it does portray a more favorable view of the Spanish economy than those expressed by the European Commission, some of the principal study services in Spain, and even the first impressions revealed by the INE itself just after 1986 drew to a close.

## Differences

While the latter descriptions cited a real growth of 2.7 or 2.8 percent in the value-added generated by economic activity or the gross domestic product (PIB), Carlos Solchaga told Parliament that the Spanish economy may have grown by 3.2 or 3.3 percent. In the minister's opinion, investment rose by 13.5 percent and private consumption by more than 4 percent.

Although the INE pegs the expansion of private consumption at 3.6 percent and that of investment at 12 percent, that general office of the Economy and Finance Ministry sums up the picture with a GDP growth of 3.0 percent. It accompanies the figures with some introductory remarks indicating that "this growth is considerably higher than that obtained in 1985, and the highest since 1978."

After warning several times that this is "a preliminary estimate" of the macroeconomic figures (in previous years it was described as an "advance National Accounting"), the National Statistics Institute observes that the

negative performance of agriculture and fishing (a 9-percent drop) has been offset significantly by important increases in industrial activity (3.5 percent for industry and 6 percent for construction) and services (4 percent).

8926

CSO: 3548/55

## SUBMARINE BUILDERS AMASS IMPRESSIVE EXPORT SALES RECORD

Third World Interest High

Hamburg DER SPIEGEL in German 29 Dec 86 pp 32-34

[Article by Erich Wiedemann: "'Sea Wolf' Mystique Still Sells"]

[Text] Class 206 submarines, according to their skippers, are 50 meter-long steel tubes with blunt bows and pointed sterns, crammed full of cables, pipes, power units, pressure gauges and torpedos, with the empty spaces in between taken up by breathable air and navy personnel.

Two 56-hour duty weeks under water living in thick air which reeks of fried sausages, lubricating oil and sweat-soaked socks, with nighttime and daytime conditions simulated by alternately switching red and blue lights on and off--that's the most unpleasant job the West German military has to offer.

It is no wonder that West German submarines are ergonomic anachronisms. Swedish submarines are much more modern and "user-friendly," however West German submarine technology is still a best-seller. Although the allies greatly reduced the capacity of German naval construction after the Second World War in terms of tonnage, the West German submarine industry has been number one for nearly two decades on the world market, and has held its own against the competing state-subsidized industries of Sweden, Great Britain, France, Italy and the Netherlands.

The "Ingenieurkontor Luebeck" (IKL) [Luebeck Engineering Office] has developed one hundred submarines for fifteen countries since 1957. Not only for "friendly navies," as it states in IKL's advertising, but also for external customers and customers who are not quite politically cosher--for the Brasilian and Chilean juntas, for example, and for India, a country which purchases the majority of its other military defense hardware from friendly East Block countries.

Only Libya's erratic chief gunslinger Muammar Qadhafi has had no luck placing an order for four submarines; even the West German armament industry has its sensitivities.

West German submarine construction currently provides 2000 jobs--at the IKL in Luebeck, at the Howaldtswerke [HDW] shipyards in Kiel and at Thyssen's North Sea shipyard facilities [TNSW] in Emden. And these jobs are exclusive of any subcontractors. Many companies respected on the "first floor" of large-scale industry are represented in the business of submarine construction: Siemens, Krupp, Varta, Zeiss and AEG.

The IKL is the brain trust of the industry. Up until the mid-1950's, the organization designed agricultural equipment. Not until the Paris Agreements of 1954, at which time the Western powers again permitted the West Germans to again build submarines with an initial maximum displacement of up to 350 metric tons, did IKL founder Professor Ulrich Gabler return to his old element.

Gabler was one of Hitler's specialists in the field of underwater armament. Some of the gray "sea wolves" which made life difficult for allied convoy captains from 1942 to 1944 were designed on his drafting board.

The morbid romanticism of Hitler's wartime poets is still the best advertising for Luebeck's "wet weapons wizard:" Death lies in wait in the torpedo tube, submarines to the ready, submarines to the front ... That mystique still helps to sell submarines. Around half of all conventional submarines in the non-communist world are manufactured in the Federal Republic of Germany, not to mention the illegal sale of blueprints to South Africa and heaven knows whom else.

And if the West Germans were as generous with their weapons export regulations as the French, for example, this figure could easily be as high as two thirds.

However it is not true that IKL canvassers have knocked the Swedes out of the running in India with the claim that Swedish submarines dissolve in salt water. The West Germans have no need for such tactics.

Why are German submarines such a hot item around the world?

Firstly due to the enormous chivalry appeal, and secondly due to the Mrs. Meier effect, as it is known among managers in the military equipment industry: Mrs. Miller has a stereo color television set; Mrs. Meier wants one too. Argentina has two German submarines; Chile also wants two.

According to Kaleu Weiss of U 28, German submarines are "the best in the world; a successful compromise between automation and elbow grease." They are an excellent synthesis of high technology and traditional German craftsmanship.

Swedish submarines, which have earned the reputation as currently being in the forefront of non-nuclear technology, are crammed full of electronics right up

to the hatch. In German submarines, on the other hand, CRT terminals, computers and oscilloscopes are installed everywhere side by side with handwheels and iron cranks which can be used in an emergency to replace electronic equipment in the event the latter should fail.

Failures often occur under water. Sea water is a very difficult medium to calculate. An increase in salinity of one percent completely torpedoes all buoyancy, speed, service life and target calculations. A valve which opens or closes one second too early or too late can trigger a catastrophe; a mistake made by one crew member can mean the deaths of all hands. During every diving maneuver, a mistake made by a computer or crew member can be countered, thereby making German submarines safer than others--that is, as safe as a submarine by its nature can be.

They are also cheaper. The standard Model 209, an enhanced version of the 206 preferred by the West German Navy, costs between DM 80 and 200 million, depending on volume and extra features. This price range represents one fifteenth to one twentieth the cost of a nuclear-powered American submarine of the Ohio Class, and can be afforded by new maritime powers. Submarines, says Submarine Flotilla Commander Captain Dirk Horten, "are items of naval weaponry for limited budgets."

Submarines have an unusually favorable price/performance ratio. During the Second World War the allies for a time had to put 30 aircraft carriers, 800 escort ships and 1000 aircraft into service in order to hold 50 German submarines in check in each theater of operations.

The 24 submarines in the West German Navy, whose task is to close off entry to the Baltic Sea in the event of war, counter massive Warsaw Pact ships with fifty times their own tonnage. The torpedo tubes are responsible for the tremendous deterrent power. The AEG torpedoes of today are "technically much more destructive than before," says Commander Horten. For just under DM one million each, one can get a really solid piece of hardware.

In this respect, the West Germans had to make up a lot of time: Their World War II torpedoes, the "Aale" ["eel"], were excessively inadequate.

Because reliable radio remote control is not possible in water due to its electrical conductivity, the torpedoes were controlled by guide wires. The new torpedoes have more explosive force and a considerably longer range than the older ones. They have a theoretical on-target accuracy of 95 percent within a range of up to 30 kilometers. Assuming, of course, that the right men are at the controls.

In the Falklands War, the only time submarines have been used on the front since the end of the Second World War, the right men were not at the controls. Of the two submarines built by Howaldtswerke in Kiel, only the "San Luis" was used. However while it was en route to the area of operations, its fire control system failed. Because the crew were not versed in the use of the manual control system, the torpedoes of the "San Luis" missed twice.

The second torpedo did explode, so it must have hit something, however no one was ever able to determine what it was. The English thought it hit a whale.

At least the "San Luis" was able to return under water to its home port of Mar del Plata in an orderly fashion, although the British submarine chasers stayed in hot pursuit. The "San Luis" did not need to surface once during the 72-hour return trip.

Early submarines were surface ships which could also dive; today they are under water ships which can travel on the surface, but only under exceptional circumstances. When traveling on the surface of the Baltic Sea, the submarine sometimes lists so severely that the crew must wear their oil-proof outfits whenever soup is on the menu. And the Baltic Sea is known as one of the calmer bodies of water--a flooded field, as submarine pilots call it.

Much inside a submarine reminds one of the movie "The Boat": the sausages and bananas among the torpedoes, the painful expressions on the faces of the sailors as they hold their hands over their ears when the dive alarm sounds and the submarine takes a deep breath and rockets toward the bottom at an angle of 30 degrees.

However not much is left of the streamlined exterior. The sharply-defined beast-of-prey silhouette has lost its claws and teeth. As rounded bows exhibit improved performance in an aqueous environment, the new submarines look more like inflated liverwursts.

Submarines made in Germany have made a name for themselves in their class as masters of long-duration and long-distance diving because operating weight and payload are ideally matched to one another. "You can cram as much technical refinement into the tubes as you want, but the boat must still run," says Commander Horten. Seventh grade, Archimedes.

In the Luebeck submarine, roughly 100 metric tons, or nearly one fourth of the total weight, is accounted for by the ship's battery. The rule is quite simple: The larger the battery and the smaller the mass to be moved by the battery-powered electric motor, the longer the submarine can remain submerged without taking on oxygen which is required by the diesel engine in order to recharge the batteries for the electric motor.

The longer, too, is the amount of time the ship can remain under water after making enemy contact--called "starvation time" by the design engineers. A submarine sitting motionless on the ocean floor cannot be detected, even by the most advanced radar and sonar equipment. Currently under way at the IKL is the development of a fuel cell whose operation is not contingent upon the supply of outside air. This fuel cell will supply fresh power to the ship without the need to extend its snorkel.

"Further, quieter, deeper" is the advertising slogan of the Howaldtswerke--that is the categorical imperative of submarine design engineers.

Because third-world customers want to pack more into the tubes than permitted by the laws of nature, the export model 209 is two to three times heavier than the version used by the West German Navy. But the parlor with the leather easy chairs for the commanders must negatively affect safety and deterrent power.

However in time of war, "submarine" and "safety" are incompatible terms: Of the 1170 submarines in the German Navy during World War II, around 900 were sunk.

Above the Commander's bunk in U 28 hangs a brass plate with brief engraved histories of her predecessors: "SMU 28: sunk off the Murman Coast after sinking English munitions ship - UB 28: turned over to the English in 1918 - UC 28: turned over to the French in 1919 - U 28: lost without engaging the enemy."

Submarines meet their ends either at the hands of the enemy or on the bottom of the ocean, but never at the hands of the scrap iron dealer.

#### Production, Sales Record Examined

Koblenz MARINE-RUNDSCHAU in German Sep/Oct 86 pp 291-297

[Article by Eberhard Roessler: "New German Submarines for the Export Market and the West German Navy"]

[Text] The submarine construction sector of the steadily shrinking West German shipbuilding industry is still clearly of great significance. Due to long-term conversion and new construction projects for the West German and Norwegian Navies, there is no reason for pessimism at the present time with regard to follow-up orders for export submarines. Negotiations for the sale of 2,200 metric-ton submarines (HDW [Howaldtswerke-Deutsche Werft] Type 2000) to Australia and Canada (TNSW [Thyssen Nordsee-Werke] TR 1700 A) have not as yet borne fruit. Other projects, such as continued construction of HDW submarines for Indonesia, are still further from realization.

For a long time the submarine export leader in the Federal Republic of Germany with a clear-cut market shares was the HDW, IKL [Ingenieurkontor Luebeck] and Ferrostaal group. The joint venture with Vickers, which led to the sale of three Class 206-based Mediterranean submarines to Israel, has since been dissolved. In the past decade, however, TNSW has developed an alternative, respected worldwide, in its successful TR 1700, even in the case of larger submarines with conventional drives, and is clearly in the lead with its new attack submarines for Norway and the Federal Republic of Germany.

Both German submarine construction facilities can rely on very competent, internationally-experienced subcontractors for the supply of drive, battery, sonar and weapons systems. Siemens AG is the supplier of the electric drive motors, while MTU, Piller and Siemens supply the diesel generators. Torpedo tubes and ancillary equipment are delivered by Krupp MaK, and AEG manufactures heavy wire-guided torpedos which can be used to hit targets on the surface as

well as under water. Orders for advanced batteries are split among VARTA and Hagen, and Krupp Atlas Elektronik (KAE) is the primary sonar system subcontractor. German manufacturers must compete with foreign firms--some of whom hold dominant market positions--for supply of torpedo fire control systems, communications systems, and radar and ESM equipment, as well as several other types of equipment. With regard to periscopes, foreign companies have recently been successful in taking away a portion of Zeiss' market share for German submarine exports.

#### Submarines for Export Markets

International sales of military equipment, however, have not come about only as a result of the development leads of some firms, particularly in the case of more and more powerful microprocessors used to perform evaluation and control tasks, but often due to special customer requests for equipment which has already been put into service in the navy in question, or newer versions of such equipment. Only a shipyard which is flexible enough to fill such requests has a chance to be selected for further consideration from among a large group of competitors. After having been so selected, price is usually the determining factor. Here, HDW was on solid ground by virtue of its many years of experience in the construction of a large number of very similar submarines.

In the case of customers who represent larger navies, the desire to build submarines in the country in question--ships which would otherwise be built at export shipyards--has become more prevalent as a result of the difficult financial situation of nearly all potential third-world customers, and even with regard to customers within the Western alliance. Here, too, the bidder must be very flexible in order not to lose customers. In this regard, HDW contributed as long ago as 10 years to the erection of a high-capacity production facility in Golcuk (Turkey) for its Class 209/1200 submarine. The facility is now able to build this kind of submarine utilizing predominately its own specialized personnel. Two submarines have already been built, and a third is under construction. Construction time has dropped from four and one-half years for the first submarine to three and one-half years for the second. Turkey is making efforts to set up facilities for production of a more modern and somewhat larger submarine (Class 209/1400), and hopes to be able to offer "its" submarines on the Arab market, which is largely off-limits to German firms. This advanced model would then be a "training" ship for Turkish engineers, specialists and naval personnel in Kiel, after the construction of which subsequent submarines would be built in Golcuk. Similar projects are also under way between HDW and India (two type 1500 submarines to be built in Kiel and two more at the Magazon Dock in Bombay), and between HDW and Brazil (one Class 209/1400 submarine to be built in Kiel and three additional submarines at the Arsenal da Marinha in Rio de Janeiro). The two type 1500 submarines to be built in Kiel are already under test; the first was delivered in September, and the second is scheduled for delivery in November, 1986). The 1400 metric-ton submarine for Brazil, the only submarine currently under construction by HDW, is to be delivered in 1988.

Construction Data for HDW and TNSW Submarines Delivered Since 1980

Type	Where Built	Const. No.	Name	Customer	Contract Date	Start of Const.	Sections Joined	Submarine Together	Christening	Delivery Date (Commissioned)
HDW 209/1200	HDW Kiel	118	Pontos	Greece	8-14-76	1-25-77	9-29-78	12-1-78	3-21-79	4-18-80
HDW 209/1200	HDW Kiel	131	Casma	Peru	3-25-77	7-15-77	3-5-79	5-8-79	8-31-79	12-19-80
HDW 209/1200	HDW Kiel	132	Antofagasta	Peru	3-25-77	10-3-77	6-27-79	8-24-79	3-14-80	5-22-81
HDW 209/1200	HDW Kiel	133	Chipana	Peru	3-25-77	8-15-78	4-10-81	6-29-81	10-28-82	10-28-82
HDW 209/1200	HDW Kiel	134	Pisagua	Peru	3-25-77	2-1-79	1-9-81	2-6-81	8-7-81	7-12-83
HDW 209/1200	Colcuk	96	Yildiray	Turkey	1-21-75	5-1-76	—	2-2-78	7-20-79	1-6-81
HDW 209/1300	HDW Kiel	135	Cakra	Indonesia	4-2-77	11-25-77	10-9-79	12-4-79	9-10-80	3-19-81
HDW 209/1300	HDW Kiel	136	Nanggala	Indonesia	4-2-77	3-14-78	3-17-80	5-19-80	9-10-80	7-6-81
HDW 209/1200	Colcuk	171	Doganay	Turkey	12-5-80	4-15-81	—	6-12-83	11-16-83	11-16-84
HDW 209/1400	HDW Kiel	181	Thomson	Chile	8-18-80	11-1-80	7-16-82	12-8-82	5-7-84	5-7-84
HDW 209/1400	HDW Kiel	182	Simpson	Chile	8-18-80	1-15-81	10-22-82	3-2-83	9-18-84	4-18-84
TNSW TR 1700	TNSW Emden	—	Santa Cruz	Argentina	77	12-10-79	6-26-81	9-20-82	—	9-27-84
TNSW TR 1700	TNSW Emden	—	San Juan	Argentina	77	5-14-80	4-14-82	6-13-83	—	11-13-85
TNSW TR 1700	AMDG Buenos Aires	—	Santa Fe	Argentina	81	1-2-82	12-84	87	—	88
TNSW TR 1700	AMDG Buenos Aires	—	Santiago del Estero	Argentina	81	1-2-83	85	88	—	89
TNSW TR 1700	AMDG Buenos Aires	—	Argentina	Argentina	81	1-2-85	87	89	—	90
TNSW TR 1700	AMDG Buenos Aires	—	Argentina	India	81	86	88	90	—	91
HDW T 1500	HDW Kiel	186	Shishumar	India	12-11-81	5-1-82	5-7-84	8-31-84	9-22-86	9-22-86
HDW T 1500	HDW Kiel	187	Shankush	India	12-11-81	9-1-82	11-15-84	1-15-85	11-86	11-86
HDW T 1500	Magazon	188	—	India	12-11-81	3-13-84	—	—	—	—
HDW T 1500	Bombay	189	—	India	12-11-81	9-13-84	—	—	—	—
HDW 209/1400	HDW Kiel	197	Tupi	Brazil	12-17-82	3-8-85	—	—	—	4-88
HDW 209/1400	Arsenal da Marinha, Rio	198	Tamoio	Brazil	12-17-82	3-8-85	—	—	—	—
HDW 209/1200	Colcuk	215	Dolumay	Turkey	12-19-84	7-1-85	—	—	—	—
HDW 209/1400	Arsenal da Marinha, Rio	219	Timbira	Brazil	5-15-85	—	—	—	—	—
HDW 209/1400	Arsenal da Marinha, Rio	220	Tabajos	Brazil	5-15-85	—	—	—	—	—

TNSW was also only able to gain a foothold in Argentina with its TR 1700 design by simultaneously agreeing to help with construction of an Argentinean production facility for similar submarines. The Astillero Ministro Domecq Garcia shipyard was built on open land in Buenos Aires between 1979 and 1982. The shipyard comprises a large enclosed area for the construction and joining of submarine sections. The finished submarines are then to be put into the water by a synchrolift at an adjoining repair yard. At present, there are three type TR 1700 submarines in various stages of construction at the shipyard, of which the first should be finished in 1987. The others should then follow at one-year intervals. Commissioning of some of these ships in the Argentinean Navy has in the meantime become a question mark. Argentina is trying to sell these TR 1700s to other interested parties, where possible as precursors to additional submarines of this type to be built in Argentina in the 1990's.

Of course, the transfer of know-how to foreign countries through construction under license abroad is somewhat problematic, however the loss of jobs at West German shipyards would be even more serious. On the other hand, the transfer of know-how affords the opportunity to open up new markets among third-world countries and within the Western alliance which for political or economic reasons are off-limits to the licensors. For this reason, construction under license does not generate many objections or too much criticism among submarine manufacturers, particularly among subcontractors in the industry, as might be assumed by outsiders.

In addition to these relatively large submarines, HDW and TNSW continue to offer smaller submarines for use in shallow seas and coastal areas. Not only are these submarines naturally less expensive and easier to finance by those interested in German submarines, but they also frequently better reflect those nations' defense requirements than do the larger submarines. A particularly "hot" item among bidders at the present time is a relatively small submarine with a displacement of 130-250 metric tons which is supposed to be particularly suitable for use in inshore waters, and thus would also be usable for carrying out command and limited landing operations. These small ships are to carry their weaponry (torpedos, missiles and mines) in outboard containers.

To date, however, no customers have been found for this type of small submarine, which is supposed to be largely automatically pilotable, thus requiring only a small (but highly-specialized) crew.

Following are the specifications of the two most advanced German submarines built for export, which have harvested such international acclaim. Two each have been built; one type by HDW in Kiel and the other by TNSW in Emden.

	<u>HDW T 1500</u>	<u>TNSW TR 1700</u>
Sub. type displacement	approx. 1450 ts	1770 ts
Surface displacement	approx. 1655 t	2150 t
Submerged displacement	approx. 1810 t	2350 t
Overall length	64.4 m	65.9 m
Pressure hull diameter	6.5 m	7.3 m
Drive system	4 x 405 kW MTU/Piller diesel generators 1 x 4500 kW Siemens electric drive motor	4 x 1100 kW MTU/ Siemens diesel generators 1 x 6600 kW Siemens electric drive motor
Battery	4 x 132 Hagen battery cells	8 x 120 VARTA battery cells
Fuel weight	157 t	319 t
Max. speed	surface: 11 kn submerged: 22.5 kn	surface: 13 kn submerged: 25 kn
Duty cycle	max. 60 days	max. 70 days
Submerged range	30 nm/20 kn	70 nm/20 kn
Armament	8 torpedo tubes in bow (14 torpedos)	6 torpedo tubes in bow (22 torpedos)
Fire control system	Librascope "SFCS Mk 1 Mod 151"	Signaal "Sinbad 6"
Sonar system	Krupp Atlas Elektronik CSU 3, however "DUUX 5" manufactured by Alcatel for passive range-finding	
Radar mfg. by	Thomson-CSF	Thomson-CSF
ESM	Phoenix "ARGO"	Racal "ESM"
Periscopes mfg. by	Kollmorgen	Kollmorgen
Crew	approx. 36	29
Max. diving depth	approx. 300 m	approx. 300 m
Special features	1 pressurized bulkhead, rescue sphere for entire crew	1 pressurized bulkhead, 2 decks

#### SUPRA and the Offshore Service Submersible (OSS)

Whereas the Federal Republic of Germany has achieved a leading position with respect to the export of submarines for military purposes in the past two decades, the same has not been true with respect to designs for civilian applications. The HDW submersible with the designation SUPRA (Submersible Underwater Pipeline Repair and work Apparatus) is a submersible work platform designed specially for underwater pipeline repair and monitoring. The ship has a catamaran-like body which contains work rooms, the main ballast tanks and several drive propellers. The purpose of the propellers, which act in different directions, is to enable precise maneuvering for work on the ocean floor. Its main specifications are: surface displacement: approx. 410 metric tons; length overall: approx. 37 m; width overall: approx. 1.6 m. The submersible platform is supplied via a heavy cable connected to the power supply center of a surface ship. SUPRA must be towed to the place of use; maximum towing speed is 5 knots. SUPRA incorporates several hydraulic cranes which can be operated either from inside the platform or from the surface ship

down to a maximum depth of 420 m. At depths less than 300 m, the cranes can be operated by divers working outside the platform. SUPRA was designed as a joint venture of Ocean Consult GmbH, Ferrostaal AG, Haux Life-Support GmbH, HDW and Schiffko GmbH, and was built by HDW in 1984/85 with funding provided by the Federal Ministry for Research and Technology. No customer has yet been found for this interesting device, however.

The design of TNSW's Offshore Service Submersible (OSS) was commissioned by a Norwegian company, however it has not yet been built. The OSS is relatively large, with a surface displacement of approx. 1500 metric tons, a length of 47 m and a width of 8.5 m. It comprises a drive section (which also contains the crew's quarters) and a forward transport and crane section with manipulators which is flooded during use.

The commissioning company specified a period of service of three weeks at a depth of up to 500 m. At that depth the submersible is to perform assembly, repair and drilling work independently of any auxiliary surface equipment. To do this, it must be able to hold a precise position without fixed anchors. A 250 kW closed-cycle diesel generator, operating independently of an outside air supply, coupled with an electric drive motor and several propeller motors was selected as a suitable maneuvering drive. Primary testing is planned for this type of drive configuration, as well as for life-sustaining and control systems. At the present time, a 120 kW closed-cycle test system is being assembled together with other companies. Testing is scheduled to begin in the fall of 1986.

Original plans called for co-development by the Federal Republic of Germany and Norway of the next generation of German Navy submarines (Class 210) as a joint venture at the IKL in Luebeck. These submarines are to be particularly well suited to antisubmarine warfare on NATO's northern line of defense, i.e. to the west of Norway. During design work which began in 1974, however, it became apparent that the requirements of the Norwegian and German Navies, in spite of similar responsibilities, could not be met by a single submarine design. The Federal Republic of Germany placed a particularly high priority on a completely amagnetic submarine which could also safely operate in the shallow waters of the exit routes leading out of the Baltic Sea in the presence of possible bottom mines. In order to achieve the same material strength as HY 80 at the greater operating depth in the Atlantic Ocean using amagnetic steel, the hull of the submarine would have had to have been made thicker, and thus heavier. In addition to this requirement, the theater of operations for German submarines would be farther from their home bases. A displacement of approx. 1500 metric tons rather than 1000 was used as a basis for the design of the Norwegian submarine.

#### The New "Ula" Class

Beginning in 1978, development of the Class 210 design, designated Project No. 6071, was continued for the Norwegian Navy only. By 1980, development had progressed to a point at which construction contracts could be let for the submarines. The Royal Norwegian Navy began negotiating with HDW and TNSW in 1981. TNSW was the successful bidder, perhaps on the strength of the good

Primary Specifications of the "Ula" Class

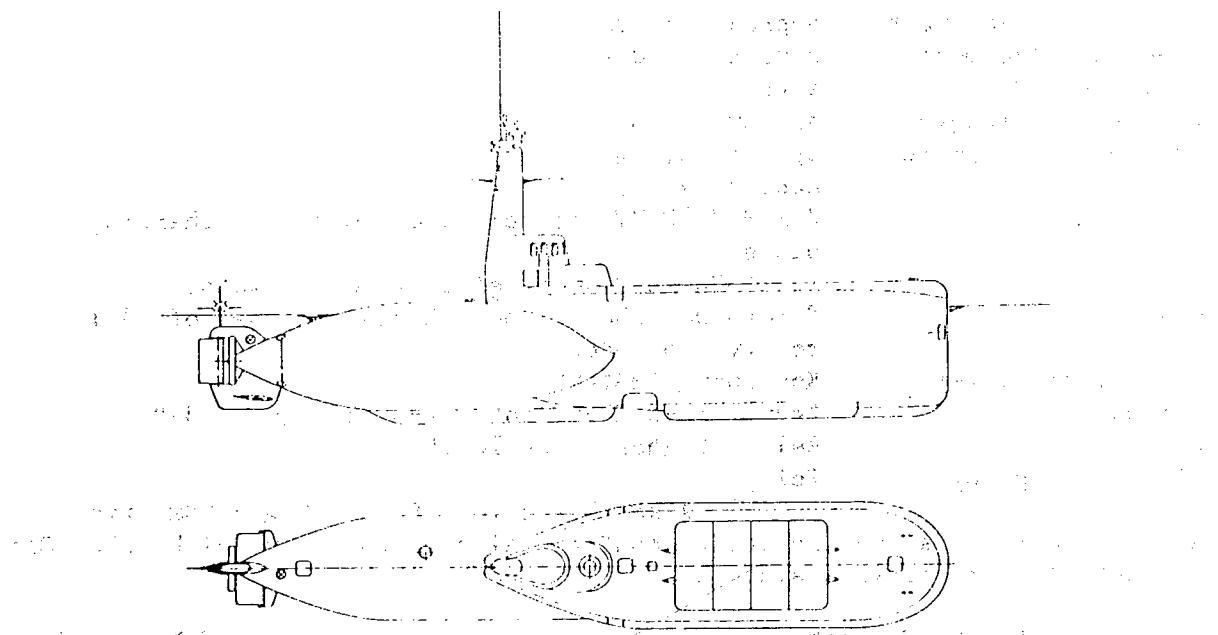
Sub. type displacement	approx. 940 ts
Surface displacement	approx. 1040 t
Overall length	approx. 60 m
Pressure hull length	approx. 43 m
Pressure hull diameter	approx. 5.3 m
Draft	approx. 4.6 m
Drive system	2 x 960 kW MTU diesel generators with charging blower
Armament	1 x 4500 kW Siemens electric drive motor
	8 torpedo tubes in bow (2 stacked rows of 4) + reserve torpedos
Fire control system	Kongsberg "MSI-90 U"
Sonar system	Krupp Atlas Elektronik "DBQS 21F (CSU 83)"
Radar	Kelvin Hughes "Type 1007"
Periscopes mfg. by	Zeiss
Battery	4 x 120 Anker batteries of the "Hagen-CSM" type
A special feature is the "X" rudder configuration at the stern with the SAAB "SCC 200" steering control system.	

experience of the Norwegian Navy with regard to construction of Kobben Class (Class 207) submarines in Emden. The construction contract was signed by the Norwegian Navy and TNSW on September 30, 1982, and calls for construction of six fully-equipped submarines of the Ula Class, so named after the first submarine of this class to be built. Two additional submarines were included as an option, however this option will not be exercised.

In a series of contracts the originally called-for equal distribution of costs was ensured, even if co-development were abandoned. Kvaertner Brug A/S will thus will deliver the pressure hulls for the final five submarines. Anker Batterien A/S will manufacture the batteries under license which were originally to be supplied by Hagen-CSM-Batterien, and Norway will also supply the generators and converters. A significant part of the agreement between Norway and the Federal Republic of Germany is the joint acquisition of an integrated fire control system for the attack submarines which is to be supplied by Kongsberg Vaapenfabrik A/S.

Construction of the first Ula Class submarine began on July 2, 1984 at TNSW. The first submarine is scheduled to be assembled in the first half of 1987. The six submarines are scheduled for delivery between February 1, 1989 and April 1992; this schedule calls for delivery of two submarines each year.

It was originally intended that the German attack submarines would be delivered during roughly the same period, however a new submarine design had to be worked out after co-development was discontinued. This new submarine has received the designation "Class 211".



#### New German Attack Submarine Still in the Design Phase

After the Federal Ministry of Defense determined the purpose and desired characteristics of this Class 211 submarine (cf Hillebrenner, MARINEFORUM Vols 1-2, 1985), IKL was awarded the contract for its design. The two shipyards HDW and TNSW were requested to each submit their own designs in the preliminary design phase, which they did in January, 1986. Design work is currently continuing at IKL, and incorporates characteristics of the designs as submitted by these two shipyards. The basic division of the submarine design is to correspond to TNSW Design TR 1600.

The definition phase of Class 211 is to begin at the start of 1987 at the latest, however a construction contract for the first six submarines in this class cannot be awarded to the general contractor (who has yet to be selected) until at least two years later. The six submarines are to be delivered beginning in 1993. It has not yet been decided if the second six attack submarines originally called for are to be the same size or smaller than the first six (if smaller, they would approach the size of the approx. 1100 metric-ton Class 212 submarines, which are scheduled to replace Class 206 submarines in the Baltic Sea.

A drive which operates independently of outside air is planned for submarines of Class 212. Various designs have been developed by IKL, HDW and TNSW, some of which have already been tested.

The furthest along is a fuel cell system incorporating Siemens fuel cells (16 compact units of 7 kW each, 70 individual cells, a volume of 63 l and a weight

of 85 kg), liquid oxygen and heavy metal hydride hydrogen storage cylinders, which have been undergoing tests at HDW for more than two years already. In 1987 this system is to be installed in an additional section of a Class 205 submarine (probably U 1 or U 2) located between the control center and bow sections, and is then scheduled to be tested in on-board operation as an auxiliary drive system. If used as a direct drive, this system would permit a silent run at a speed of 5 kn over a long period of time, or silent charging of the submarine battery in 40-50 hours.

A similar fuel cell system with a drive capacity of 1000 kW could easily be installed in a submarine of Class 212 size, although the range of the submarine would be less than that permitted by a conventional diesel electric drive system. An internal-combustion engine for use as a cruising drive and to charge an auxiliary battery would therefore be a practical addition. A Stirling engine would certainly be ideal for this application, however it is questionable whether or not the required equipment--and particularly the additional liquid oxygen--would fit into a submarine this size. In addition, the placing into operation of two new kinds of drives operating independently of outside air in one submarine type would probably be considered too risky.

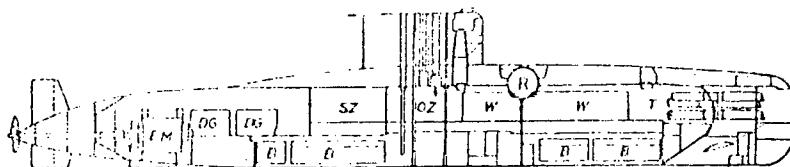
At the present time, Stirling engines as submarine drives are undergoing the most tests in Sweden. TNSW is also experimenting with Stirling engines; under consideration is a Stirling generator capable of generating approx. 200 kW of electrical energy which would replace the diesel generator in the TR 1700 submarine. The required amount of liquid oxygen and the additional equipment necessary for such a generator would take up roughly one fourth of the battery space, and would thus shorten the range of the submarine at high speeds (from 3.2 down to 2.6 hours at a speed of 20 kn), however the length of time the submarine could stay continuously submerged in the absence of outside air would be increased from 5 to 19 days. With the electrical energy produced by the Stirling generator, a TR 1700 submarine could run at a speed of 6 kn, i.e. at a speed at which submarines run 60-70 percent of the time. Thermodynamic drives, particularly engines, are indeed louder than electric drives, and their efficiency is poorer. However their advantage is that they exhibit a considerably more favorable power to volume ratio, and their acquisition and operation are considerably less expensive.

Due to the as yet unresolved question of drive systems, Class 212 submarines are probably still far from being operational. It is probable that submarines of this class will not be in use by the West German Navy until the next century.

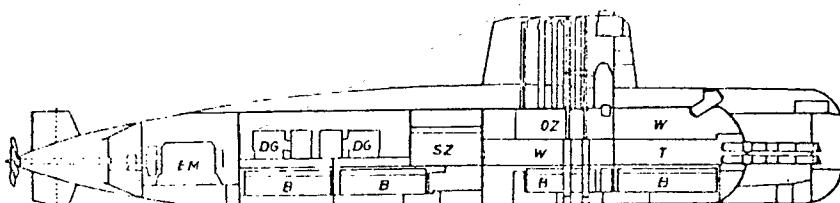
#### Comprehensive Program of Modernization for Class 206

For the above reason, Class 206 submarines will still continue to be required for Baltic Sea operations in the 1990's, thus a comprehensive modernization and conversion program for them has been decided upon. In an initial stage from 1985 to 1990, the operational and supply capability of the 18 Class 206 submarines is to be improved through measures designed to maintain their combat effectiveness and increase their service life. Through the use of sophisticated information and data processing systems, current consumption of

direction-finding and control equipment has been reduced considerably, thereby increasing the submerged range of the submarine. In addition, the submarines are to be fitted with a new lithium hydroxide-based air purification system which was developed jointly by IKL and Dornier.

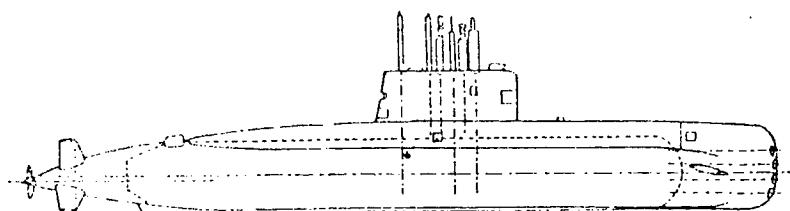


HDW 7 1500



TNSW 7R 1700

B	Battery	OZ	Operations Center
DG	Diesel Generator	SZ	Ship Engineering Center
EM	Electric Drive Motor	T	Torpedo Room
R	Rescue Sphere	W	Living Quarters



"Ula" Class (Project 6071)

In addition to these improvements, twelve Class 206 submarines, in a second program stage running from 1991 to 1994, are to be made ready to use the "second generation of torpedos" which will be available at that time--the DM 2 A3 manufactured by AEG which, as a single standard torpedo, will be able to replace both the "Seeschlange" ["Sea Snake"] and the "Seal." Moreover, these twelve submarines are also to be outfitted with a new "base command and weapons deployment system" to replace the existing M 8/8 fire control system manufactured by Signaal. Plans originally called for the Kongsberg "MSI-90 U"

system, however due to the delays in development and manufacture of the system, the above-mentioned twelve submarines of the modified Class 206 A will instead be outfitted with Krupp Atlas Elektronik's new integrated "LWU 83" system, together with its accessory DBQS-21 D sonar equipment system which comprises the active/passive intercept sonar with a cylindrical base, the passive range finder and the sonar information processor. Several extendable masts, which until now passed through the pressure hull, will be replaced by ones which require no penetrations. This will increase the size of the operations center.

The conversion of these Class 206 submarines, for which HDW has again been selected as general contractor, will thus continue until about 1994.

HDW plans on erecting a modern manufacturing facility for submarines in Gaarden to accommodate new submarine requirements. The facility is to incorporate a large construction building with auxiliary buildings and a floating dock similar to a synchrolift. As in the case of TNSW's facility in Emden, submarines are to be almost completely built inside the building and then brought to the dock and launched.

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## FULLER DETAILS OF ENGINEER COMBAT VEHICLE RELEASED

Bonn WEHRTECHNIK in German Jan 87 pp 40-47

[Article by Hermann Spelten and Dieter Muelhoefer: "Engineer Armored Vehicle 2"; first paragraph is WEHRTECHNIK introduction]

[Text] Development of the Engineer Armored Vehicle 2 has been completed. It will be introduced in the period 1988-1990. With the Engineer Armored Vehicle 2 the engineers have at their disposal for the first time a vehicle with which dredging operations may be carried out under conditions of armored and antiaircraft protection, steep embankments can be dredged up out of water and drainage channels produced. The project officer for the Engineer Armored Vehicle 2 in the Federal Office of Military Engineering and Procurement, structures director Dipl Eng Hermann Spelten, and his deputy, structures supervisor Dipl Eng Dieter Muelhoefer, describe in the following paper the development history and engineering specifics of the Engineer Armored Vehicle 2.

The development of the Engineer Armored Vehicle 2 is in response to a military demand in the year 1969 for an amphibian multipurpose engineer device (APM). This demand, with the creation in 1973 of the bridging and ferrying system, was brought up-to-date in the form of a tactical demand (TaF) for an armored engineer machine (GPM). Two different prototypes of the GPM were developed on the undercarriage of the Leopard 1 armored tank. These prototypes met the requirements of the requester in engineering terms and from them the model with two telescoping dredging arms was selected for further development. Since, however, the undercarriage of the Leopard 1 was overstressed by the great weight of the working equipment required for engineer operations it was decided to continue development of the GPM on the Leopard 2 undercarriage. At the end of the seventies it was necessary to discontinue this GPM development, in particular, for financial reasons.

However, simultaneously in connection with the planned development and procurement of a Salvage Armored Vehicle 3 it was decided that the engineers should receive in addition to the 36 existing Engineer Armored Vehicles 1 (PiPz-1) an additional 104 Salvage Vehicles 2 (BPZ-2). These 140 vehicles were to be modified, subject to specific financial constraints, into efficient and more battleworthy Engineer Armored Vehicles 2 (PiPz-2).

## Development of the Engineer Armored Vehicle 2

In 1981 it was possible to begin development of the Engineer Armored Vehicle 2 as a modification of PiPz-1/BPz-2 after thorough studies had shown its engineering-economic practicability. In this process experience already obtained with the GPM was used to the greatest possible extent. In this way it was possible to sharply reduce the development risk in terms of engineering, time, finances, and tactics.

The requirements originally set up for the GPM were a point of departure for development of the Engineer Armored Vehicle 2. These requirements had to be adapted to the new engineering and financial specifications. In this process it was not possible to avoid some deletions from the original specifications, but no essential requirements could be given up. This is especially noteworthy since in this development in addition to the compelling requirements for

- i. maintenance of the financial framework and
- ii. use of PiPz-1/BPZ-2 undercarriages,

it was also necessary to maintain fulfillment of the following specifications:

- i. limitation of the extent of modification as much as possible in order to preserve as much as possible the participation of logically equivalent structural components present in the Leopard 1 and Salvage Vehicle 2,
- ii. combat weight no greater than 43 metric tons in order to obtain unconditional acceptance in accordance with StVZO.

Three prototypes were built, tested, improved, and retested. Development has been completed. Approval of adoption was granted at the end of 1985. The procurement contract with the Krupp MaK Factory has been concluded and mass production delivery of the engineer armored vehicle will take place between 1988 and 1990.

### Design Functions and Tasks

The Engineer Armored Vehicle 2 shall support combat troops in surmounting waterways and in both the laying and the removal of obstacles and obstructions while under hostile attack and while provided with antiaircraft defense.

The primary tasks of the Engineer Armored Vehicle 2 are:

- a. production of watercourse inlets and outlets as well as access to and exits from water crossings;
- b. rendering watercourse beds navigable;
- c. laying and removal of obstructions and obstacles in the field;

- d. elimination of debris;
- e. construction of field positions and artillery positions.

The secondary tasks of the Engineer Armored Vehicle 2 are:

- a. rescue assistance for combat vehicles which are deep-fording or which travel underwater;
- b. earth-moving operations, loading piece goods and structural material onto trucks;
- c. load lifting during engineering operations;
- d. salvaging of vehicles and equipment.

In comparison with the applications spectrum of the GPM it was necessary to dispense with the rapid production of watercourse inlets and outlets and of access to and exits from water crossings and it was also necessary to dispense with rapid surmounting of steep and difficult embankments with the help of working equipment present in the vehicle (simultaneous operation of vehicle propulsion and of dredgers operating in traction or thrust).

#### Technical Features of the Design of the Engineer Armored Vehicle 2

The Engineer Armored Vehicle 2 is an armored vehicle carried on the Leopard 1 undercarriage with additional engineer equipment. The body has been modified in accordance with requirements. The Engineer Armored Vehicle 2 has the following characteristic features:

- a. a three-man crew: commander, driver, and engineer. The seating arrangement is similar to that in the PiPz-1. The commander leads, operates the radio, and the MG antiaircraft artillery. Through an override feature he can also operate the dredger. The driver drives, operates the clearing blade, the dredger, and the winch. For additional activities on or outside the vehicle the engineer can be employed;
- b. a telescoping dredger-arm with a deep bucket which in its transport position is located parallel to the direction of travel and on the right side of the body of the vehicle;
- c. a clearing blade with sharp edges and having movable side pieces arranged along the blade as well as hinged gripping teeth;
- d. a modified cable tension device to improve reeling of the cable of the still-employed primary winch of the PiPz-1/BPz-2. By means of additional sealing measures the winch can be used underwater;
- e. cutting and welding equipment having improved efficiency and making use of the generator which is part of the propulsion system;

f. an electrohydraulically guided hydraulic facility with constant pressure pumps and a working pressure of about 300 bar;

g. an additional dredger operating device for the...[original text missing]. It is hoped that with hinged side pieces this will no longer be the case.

The two ripping teeth, after release of a securing bolt, are rotated out of transport position on the back side of the clearing blade into operating position. The ripping up operation takes place in the direction of reverse travel. Since the ripping teeth fold over in forward travel it is possible to combine clearing and ripping operations with the clearing blade. Previously the ripping teeth were carried at the aft end of the Engineer Armored Vehicle 1 and had to be installed with much expenditure of time and effort.

A fixed cutting angle at the clearing blade edge of  $50^\circ$  referred to the horizontal plane has proven itself in numerous applications and has therefore been selected as a feature of the mass produced model.

The hydraulically and later on also mechanically adjustable cutting angle present in the prototypes has been dispensed with. Test results have shown that the resulting disadvantages with regard to stability of the clearing blade apparatus and the additional costs do not outweigh the advantages, particularly with regard to diminished wear and tear on the running gear as a result of reduced thrust forces required in the clearing operation.

Also for the clearing blade equipment a flotation position has been achieved by means of which it is possible during retraction in backward travel to obtain a better grading attitude. By this means the clearing blade slides over the ground only under the action of its inertial weight and is not--as otherwise conventional--hydraulically pressed against the ground.

#### Primary Winch and Cable Tension Device

The primary winch is identical with the winch introduced into the PiPz-1/BPz-2 (drum winch with horizontal cable drum). As in the PiPz-1/BPz-2 it is fixed to the floor of the vehicle body at about the middle of the crew space. The cable drum drive is produced by two hydraulic motors through a two-speed drive which can be shifted only when stationary. Through choice of these speeds and by regulating the vehicle motor rpm various cable velocities can be attained during extension and retraction of the cable.

In the event of overload the primary winch is halted by means of two safety valves. Spring-loaded arresting brakes prevent creeping away of the load when the equipment is not in operation.

The cable tension device has been improved by increasing the cable tension by means of two additional pressure rollers. This prevents a nonuniform winding and a jamming of the cable in the drum. The four pressure rollers were for structural reasons and with a view to reducing stress on the cable placed diagonally to the middle of the cable. Three of the pressure rollers are power-driven. The fourth roller serves as a supporting roller. Two hydraulic tension cylinders provide the necessary pressure to the pressure rollers.

When cable is being paid out the cable tension device--driven by a hydraulic cylinder--draws the cable from the drum while at the same time the winch motor, being fed with oil, drives the drum. The second winch motor runs simultaneously under no load.

When the cable is being retracted the motor of the cable tension device is dragged along by the cable tension rollers which are pressed against the cable and the motor operates as a pump. The oil which it impels is held back by a pressure-limiting valve so that the resulting pressure creates a braking force which causes the cable to be wound tightly onto the drum. By means of time delays in the control of the primary valves it is guaranteed that during startup and during braking no cable slack occurs.

By means of an additional sealing device on the winch cable in front of the cable tension device the crew space is partitioned off from the open thimble space. In this way for the first time it has become possible for retraction and extension of the winch cable to take place also underwater.

However, it has been necessary mainly for reasons of cost to dispense with installation of a modern efficient capstan winch.

#### Cutting and Welding Equipment

The cutting and welding equipment serves primarily for breaking up armored concrete and for breaking up steel beams when removing obstructions. The range of usefulness of this equipment has been substantially enhanced by providing in place of the previous 24-volt foreign-voltage power connection a connection for 54 volts with the amperage being regulated in the same way as in commercially available devices.

For this purpose the generator existing in the power plant and in normal operation constituting the on-board power supply of the Engineer Armored Vehicle 2 is separated from the 24-volt on-board power by means of a change-over device and converted for cutting and welding operation from a system of voltage regulation to a current regulation.

The voltage is 54 volts with the current being adjustable during welding operation to a value ranging from 40 to 150 amperes depending upon the particular application. For the cutting operation there is an auxiliary connection at the junction box which can carry a maximum of 300 amperes.

Since during operation of the cutting and welding equipment the devices using 24 volts in the vehicle are no longer supplied by the generator but by the batteries it is possible for an excess discharge of the batteries to occur. In order to avoid this there exists a voltage display at the driver's location which shows him the charged condition of the batteries.

As a supplement to the cutting and welding equipment the Engineer Armored Vehicle 2 is furnished with a commercially available cutter with which it is possible to break up armored concrete, steel beams, and barbed wire when removing obstructions. The 220-volt alternating current required for this

cutter is provided by a portable transformer (24 volts DC--220 volts AC) which can be operated both in the vehicle and outside the vehicle.

#### Pump Drive and Hydropumps

The hydraulic oil supply required for operating the equipment of the engineer operations is provided by means of the hydropumps which are attached to the pumping system. The pump drive is located in the operations area in front of the dividing wall (partition) which separates that space from the power plant. Drive is supplied from the vehicle engine via a stub shaft with spiral toothed bevel gearing which compensates any misalignment between the engine and the pump drive. Turning moment impulses and rotary oscillations are absorbed by an intermediate elastic coupling. The latter in turn is connected with a clutch coupling which terminates in a pump distributor gear which is designed as a spur gear system with four fixed secondary drives distributed around the periphery. The hydropumps are located at these secondary drives.

For the entire hydraulic drive six hydropump units (constant pressure pumps) are needed. These are combined into two double units and into two simple units. The hydropumps can also be switched off or on by means of the clutch coupling even when the power plant is in operation. This guarantees that when the Engineer Armored Vehicle 2 is on the highway or on the march the hydropumps and the distributor drive are not running.

The lubrication of the pump distributor drive is accomplished through the centrifugal action of the lower toothed gears as they are immersed into the oil sump.

#### Hydraulic System

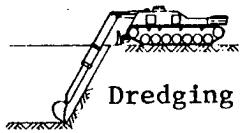
The hydraulic system of the Engineer Armored Vehicle 2 is designed as a 315-bar constant-pressure pump system. The maximum transport flow is 520 liters per minute. It is produced by four working pumps (annular gear pumps). In addition there are installed two further pumps of the same construction for supplying a hydraulic ventilator drive and a 45-bar anticipatory control loop. The maximum mechanically absorbed power of the hydraulic system is about 350 kw.

The entire system is filled with about 420 liters of hydraulic oil. The tank volume is about 300 liters. In order to improve air-changing capacity the tank is equipped with obliquely positioned sieves. Its base is conical in order to be able to purge the water in a controlled manner. All junction openings are provided with discharge seals so that assembly operations can be carried out mostly without emptying the tank. The fluid level indication is optical. There is an electrical pickup to indicate temperature.

The high-pressure hydraulic system (315 bar) in the Engineer Armored Vehicle 2 requires a substantially greater oil purity than was required in the previous hydraulic system of the PiPz-1/BPz-2 (140 bar).



Terrain travel



Dredging



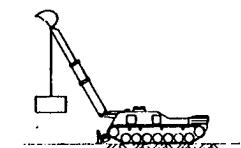
Clearing



Cutting or  
welding operation



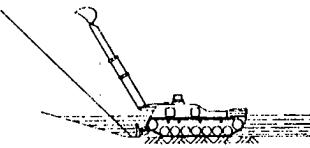
Ripping



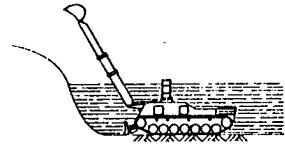
Use of derrick



Clearing work  
underwater



Dredging a river  
outlet



Underwater work



Salvaging with  
primary winch



Towing

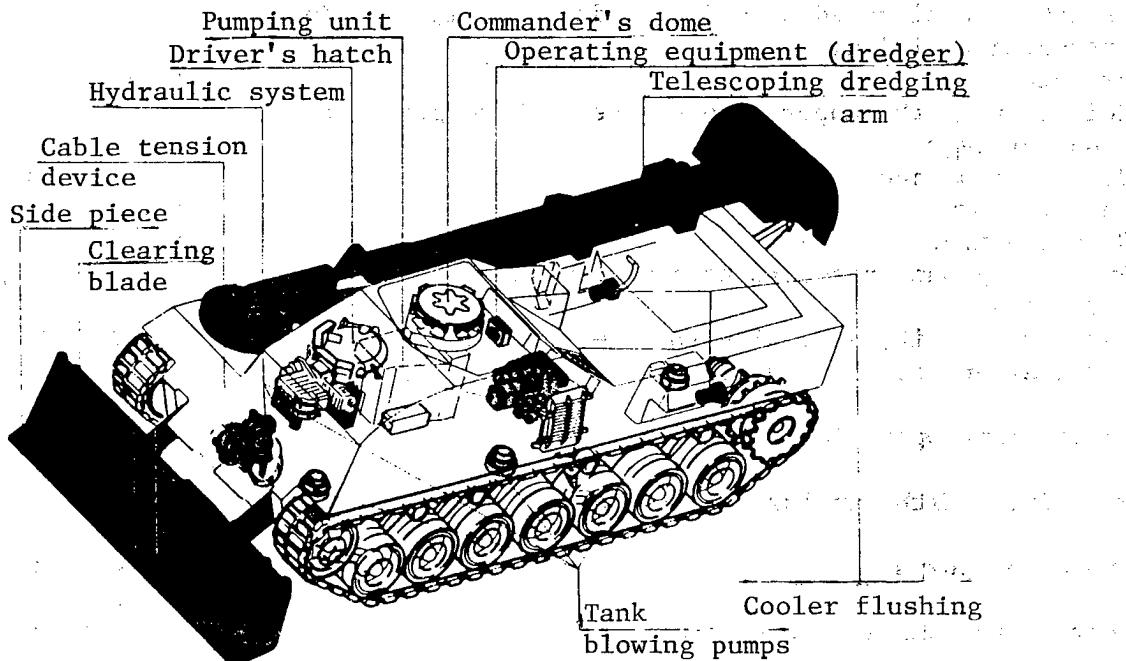
**Principal tasks:** Production of watercourse inlets and outlets as well as access to and exits from water crossings; making the waterway bed navigable; placement and removal of obstacles and obstructions from the battlefield.

**Secondary tasks:** Salvage assistance for deep-water fording and submarine combat vehicles; earth-moving, loading loose material and construction material onto trucks; lifting of loads during engineering applications; salvaging of vehicles and equipment.

#### Spectrum of applications of the Engineer Armored Vehicle 2.

A rear filtering of the 50-percent fractional flow of the hydraulic system assures a purity equal to or better than class 9 in accordance with NAS-1638 for particles larger than 15 micrometers. In addition to this the system is filled by means of a hand pump or by means of an electrical filling device (special tool). The oil must be impelled through a filling filter (pressurized filling). Only this procedure will guarantee that during initial filling, during oil change, and in particular during replenishing with small quantities by the operator in the field, no contaminants will get into the hydraulic system. With the previous open funnel filling contamination was unavoidable. The pollutant absorption capacity of the main filter is rated

at 45 grams (2 bar). Contamination of the filter is reported automatically to the driver (warning light). An additional protective filter (larger than the main filter) is located in the front section of the servoloop.



The most important new operations and equipment components in the Salvage Armored Vehicle 2 (transparent sketch).

For directional control and velocity control of the individual operating components there are provided electrohydraulic 4/3-way proportional valves having barometric servocontrol.

Dose determination of oil taken from the constant flow is accomplished by means of three-way pressure scales. Along with these there are two-way pressure scales which provide for constant pressure difference via the leading edges of the proportional valves (load-sensing technique). The control edges of the proportional valves are tailored to the special requirements of the individual component using them.

The pressurized oil flows of the four working pumps are combined into three circuits so that it is possible to perform three operational motions simultaneously and independently of one another. The proportional valves are of the disk type. This disk design has substantial logistic advantages since during necessary maintenance operations it is possible to change the valves without disassembling the pipelines or the hoses.

For cooling the hydraulic oil the system contains a heat exchanger (oil/air cooler) having a maximum output of about 68 kw. It switches on automatically at a hydraulic oil temperature of 58° C. In order to avoid obstruction of the heat exchanger during operations in dirty water the cooler drive can be switched on manually independently of the oil temperature. The ventilating fan in that case moves at reduced rpm and thus maintains a light water flow.

## Technical Data for the Engineer Armored Vehicle 2

### Vehicle Generally

Length with elevated clearing blade (dredging arm in marching position)	9,010	mm
Breadth	3,250	mm
Height up to the upper edge of the machine gun lower gun carriage	2,570	mm
Ground clearance	440	mm
Weight empty	42,500	kg
Combat weight	43,000	kg
Specific ground pressure at combat weight	0.92	kg/cm <sup>2</sup>
MLC class	50	
Maximum velocity at engine rpm n = 2,200/min	62	km/hr
Power at engine rpm n = 2,200/min	610	kw

### Engineering Operational Devices

#### Pump Drive With Annular Gear Pumps

Number of pumps	2	double
	2	simple
Gear ratio vehicle engine/pump drive	1:1.49	

#### Primary Winch

Number of hydraulic motors	2	pieces
Tension force lowest position, first gear (Single cable)	350	kN (35 metric tons)
Cable extension velocity average		
Second gear engine rpm n = 2,200/min	74	m/min
First gear engine rpm n = 2,200/min	14	m/min
Cable retraction velocity average		
Second gear engine rpm n = 2,200/min	74	m/min
First gear engine rpm n = 2,200/min	14	m/min
Cable diameter	33	mm
Cable length	90	m

#### Dredging Equipment

Dredger azimuth angle	195.5°
Luff angle telescoping arm	±60.0°
Horizontal range of telescoping arm from center of azimuthal bearing	9,175 + 50
Lifting height of telescoping arm	2,100 mm
Excavation depth, maximum	5,050 mm
Working height, maximum	8,300 mm
Deep bucket position angle	130.0°
Cross-sectional breadth of deep bucket	1,500 mm
Deep bucket volume	1.1 m <sup>3</sup>

Dredging force	125	kN
Dredger compressive force	85	kN
Dredger performance	140	m <sup>3</sup> /hr

#### Limiting Load Table Using Derrick

<u>Load</u>	<u>Extension From Center of Swing Platform</u>	<u>Clearing Blade Support</u>	<u>Allowable Vehicle Inclination</u>
2.6 metric tons	max 7.925 m		
4.5 metric tons	max 5.825 m		
5.1 metric tons	max 5.435 m	With	20% (11.5°)
7.7 metric tons	max 3.985 m		
Azimuthal range			195.5°

#### Manageable Loads

2.6 metric tons	max 7.925 m		
4.5 metric tons	max 5.825 m		
5.1 metric tons	max 5.435 m	Without	15% (8.5°)
7.7 metric tons	max 3.985 m		
Azimuthal range			0°

Note: maximum vehicle speed 5 km/hr

#### Clearing Blade

Clearing blade breadth	3,250	mm
Clearing blade breadth with side pieces	3,750	mm
Clearing blade height	940	mm (about)
Number of ripping teeth	2	pieces
Ripping depth	.40	mm
Velocity in ripping and clearing, maximum	8	km/hr
Clearing capability	270	m <sup>3</sup> /hr

#### Cutting and Welding System

AC generator with associated rectifier	6-pole alternating current (Bosch) or 10-pole alternating current (Siemens)
Voltage regulator	24 to 28 V
Welding voltage regulator	54 ± 2 V
Welding operation	40 to 150 A
Cutting operation, maximum	300 A

#### Hydraulic Control and Error Diagnosis

The electrohydraulic control of the operating equipment is accomplished through the primary structural unit which is the hydraulic control system.

This encompasses the entire control and surveillance electronics of the operating equipment. It consists of these functional units: operating mode logic, proportional control charts and the control panel for the operating levers, angle pickups, limit switches, and magnetic valves. The functional units are designed as plug-in components.

The operations mode logic constitutes in conjunction with the operating mode selection switch available to the driver a necessary prerequisite for operation of the equipment. The possible operational modes are:

- i. dredging/derrick operation,
- ii. clearing/floatation position,
- iii. winch operation,
- iv. cutting/welding,
- v. surmounting obstacles.

The operating levers corresponding to the operational mode are activated, the operating levers are assigned their functions and the controls of the associated magnetic valves are set in motion.

When the operating levers are deflected the proportional control charts activate the corresponding magnetic valves of the proportional valves.

The remaining functional units of the hydraulic control system control the interplay of the two azimuthal cylinders of the dredger apparatus in conjunction with the proportional control charts and the proportional valves for the azimuthal displacement function (limiting value electronic unit) or secure internal voltage supply for the hydraulic control system (DC/DC-converter).

The new method of control resulted in a simplified operation of the equipment because the operating levers have been positioned in an ergonomically more favorable manner and it has been possible to halve their number.

In the PiPz-1/BPz-2 the hydraulic valves are controlled mechanically. In the hydraulic control of the Engineer Armored Vehicle 2 an internal surveillance system was specified which displays system troubles to the driver. This assures that the corresponding components can be replaced within the context of material conservation level 2 without additional adjustment and calibration work.

For this purpose the proportional control charts are equipped with an internal surveillance system. The internal surveillance system includes the operating lever and the proportional valves. Thus a broken wire and a short circuit associated with the operating levers and the magnetic valves are detected and displayed on the operating and display equipment at the driver's location as a system breakdown. For better surveillance such trouble is also signaled on the central display.

## Emergency Operation

In order to be able to reestablish marching readiness for the Engineer Armored Vehicle 2 in the event of a failure of the operating equipment it is possible to switch over to emergency operation. Failure of the operating equipment can be the result essentially of three different causes:

i. failure of the power plant and/or of the pump drive. For this case an electrically operated emergency hydraulic pump has been installed in the vehicle which is driven by a 24-volt DC motor. After turning on the emergency hydraulic pump and activation of two manually switched valves the control circuit and the principal hydraulic circuit are supplied with hydraulic oil. In this way it is possible for the failed working equipment to be brought in slow motion into the appropriate stowage position;

ii. failure of the hydraulic control system and/or of the operating levers. By means of a multiple selection switch at the driver's position those proportional valves are now selected successively by hand which permit the corresponding functional cycles of the operating equipment to be traversed until they have reached the stowage position. During this process the velocity is regulated through a potentiometer by varying the valve flow of the magnetic valve and thus varying the hydraulic oil flow of the appropriate proportional valve. The functions are initiated by pressing a key. The requisite electrical energy is taken either from the vehicle battery or from an external plug box;

iii. failure of the entire electrical installation. In this case, depending upon the function desired, the magnetic valve of the corresponding proportional valve must be pressed in emergency manual operation. In this way control pressure and hence working pressure are obtained.

## Other New and Modified Structural Units

A flushing device for cleaning out the radiator of the power plant makes it possible now for the Engineer Armored Vehicle 2 to be operated for a sustained period even in very dirty water. The radiator flushing pumps are as needed switched on and off by means of a water level gauge. Operating status is displayed to the driver.

Additional efficient bilge pumps reduce the failure probability of the total system when the system is operated in a waterway and thus contributes to enhanced crew safety. The bilge installation consists of four bilge pumps, one of which is located in the engineroom and three in the crew space. In order to prevent dry running of the bilge pumps each bilge pump is under surveillance by a water level switch. In the event of increased water level the appropriate bilge pump is switched on and in this case, too, the operating status is displayed to the driver.

The new heating installation which in response to applicable safety regulations had to be shifted from the crew space to the power plant area is intended to heat the crew space and/or preheat the engine coolant.

The heating installation consists of the heater, the fuel dosing pump, and two heating blowers (under the commander's seat and under the driver's seat). The heating installation is regulated thermostatically and operates intermittently, i.e., as a function of heat demand the burner is switched on for periods of variable length. The water temperature depends upon the setting of the built-in regulating thermostats. In order to avoid heat localization the water circulating pumps of the heating device continue running for about 3 minutes after the heater has been switched off.

The commander's dome and the driver's hatch have been equipped in the region of the operating equipment with new types of hinged periscopes. Together with the four fixed periscopes of the same type there is thus secured an uninterrupted observation of the operating equipment even under conditions of armed tank protection and antiaircraft protection since these periscopes have a substantially greater vertical visual range. For the center periscope at the driver's station a periscope washing device (water-jet cleaning device) has been installed. By this means dirt can be removed by a water jet at a pressure of 2.5 bar directed at the middle of the periscope.

#### Summary

The development history of the Engineer Armored Vehicle 2 and the boundary conditions of particular importance in this connection have been described. While the Engineer Armored Vehicle 1 involved only one modification of the Salvage Armored Vehicle 2 the Engineer Armored Vehicle 2 because of its engineering operational equipment as well as because of its new and modified structural components is a genuine engineer vehicle. With this Engineer Armored Vehicle 2 it is possible for the first time

- i. under conditions of armored and antiaircraft protection to carry out dredging operations,
- ii. to dredge steep embankments out of the water and to produce watercourse outlets.

In this way the engineers can carry out their tasks of "facilitating the movements of their own troops" and "obstructing the movements of the enemy" in an essentially better manner than hitherto.

Because the Engineer Armored Vehicle 2 has arisen through modification of PiPz-1/BPz-2 undercarriages which while rebuilt are still nevertheless antiquated the Engineer Corps must accept a somewhat diminished availability than would have been the case if a new undercarriage had been used. But this fact cannot impair the satisfaction which one feels in knowing that procurement of the Engineer Armored Vehicle 2 is making available to the engineers a vehicle which can meet the manifold requirements of engineer support in combat.

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CSO: 3620/149

## PYRKAL JAPANESE LOAN SEEN JEOPARDIZING FUTURE OPERATIONS

Athens I AVGI in Greek 18 Feb 87 p 2

Article by Mikhail Kaitatzidis

Text PYRKAL Munitions and Cartridge Company has become involved in adventures that jeopardize its future, particularly in that area where some indication of healthy operations was apparent thus ensuring the future of the 4,000 workers employed by the company.

The dynamite in this affair was the loan PYRKAL was obliged to obtain from abroad in foreign exchange, indeed, in Japanese yen, which was designed to finance its export capabilities but which subsequently changed and became a loan for settling its debts to the National Bank and OAE Organization for the Rehabilitation of Enterprises.

This event has created turmoil among the workers since a situation of over-indebtedness has now been created, while its conditions and the depreciation of the drachma in relation to the Japanese yen will result in doubling, in the 3 years the loan is in force, the amount that will be paid out in drachmas.

Let us, however, take things one at a time.

Discussions on the loan began in July 1986 as a solution to the problem of financing exports. Requirement for working capital for these exports was approximately 7 billion drachmas. To cover part of this sum the National Bank provided PYRKAL with a loan of 4 billion drachmas.

Thus, PYRKAL's management applied to ETVA Hellenic Industrial Development Bank for contracting a 7 billion-drachma loan from abroad, through the mediation of ETVA, in order to cover the remainder without the prior approval of the administrative board. The bank itself voiced its objections by pointing out the existence of foreign exchange dangers for PYRKAL because of the great depreciation of the drachma vis-a-vis the yen which in the past 2 years came to 84.63 percent.

While irregularities up to now have been limited to PYRKAL's management's dealings without prior notification of the firm's administrative board on such a critical matter, irregularities that follow and that are limited to the conditions in which the loan was contracted, i.e. whether or not a dollar clause existed, assume the form of a scandal.

Let us now continue. Not even 2 weeks after ETVA had expressed its fears over this loan, PYRKAL, in a document signed by Mr Vellis, advising manager, and Mr Papandonopoulos, finance manager, a request was made to ETVA to contract a 7 billion drachma loan in yen with the explanation being to meet PYRKAL's needs that stem from the completion of the sales program to Greece and foreign countries.

PYRKAL also asked that the interest remain fixed at 7.15 percent for the 3-year period, etc. Within a day, ETVA, in a document, agreed to the loan with the condition that it be guaranteed by OAE and re-guaranteed by the state. Within 2 weeks, OAE guaranteed it and the state re-guaranteed it. Within 2 weeks, ETVA's administrative board approved the 8 billion yen loan to PYRKAL with conditions, nevertheless, that differed from the original. For example, interest would be flexible. In this particular decision, the ETVA administrative board outvoted the member who represented the workers with the argument that a proper plan had not been put before the administrative board and because, in its opinion, financing procedures were being violated.

Finally, after the loan had been approved by ETVA, the matter came before the PYRKAL administrative board on 23 October 1986 that was called on to approve, a posteriori, the contracting of the loan with conditions that also included the dollar clause, in accordance with the proposal of the administrative board chairman. Nevertheless, the above condition was removed from the clearly written minutes and was reworded as follows: The administrative board "authorizes the chairman to take the necessary steps to the Bank of Greece, OAE, Ministry of Commerce, ETVA, etc. for the implementation of the dollar clause."

Finally, the evolution of the story takes a ugly turn since the Ministry of Finance, in its decision for granting a re-guarantee, obliged PYRKAL to at once pay up 4 billion to the National Bank and 1.5 billion that constituted part of the opening of PYRKAL's account with OAE.

Thus, after these arrangements were made PYRKAL was left with 1.5 billion overall to meet its obligations for its program that, as becomes evident, are insufficient. Except, of course, that this latest arrangement requires the approval anew of the loan by both the PYRKAL administrative board and ETVA.

As an epilogue we could say that these successive decisions do nothing more than lead the firm into becoming a problem and ailing firm. At the same time, the workers who see the dangers being run by their firm are openly expressing opposition to these arrangements. Yesterday, in fact, a delegation of PYRKAL worker unions visited Mr G. Anomeritis, OAE president, to express its opposition to the methods employed and their concerns over the dangers faced by the firm.

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CSO: 3521/98

## SWISS WEAPONS SYSTEM ALLEGEDLY TO REPLACE 'ARTEMIS'

Athens I AVGI in Greek 18 Feb 87 p 3

/From the "Comments" column: "What's Happening with 'Artemis?'"/>

/Text/ Confusion reigns in the Greek war industry. We are not talking about the Greek Aircraft Industry (EAV) that is reportedly undertaking construction of part of the F-16 aircraft. This has to do with an assembly and repair firm for systems built overseas.

The emphasis here is on the EVO /Greek Arms Industry/. Its goal is to acquire self-sufficiency in production and technology so that the systems it builds will be considered Greek in nature. Even more, to become an exporting industry.

The "Artemis" system was considered a step in the right direction. For that reason there was a lot of talk about it. In fact, it was even described as the "spearhead" of the Greek war industry. It was publicized as a system with which the armed forces were going to be equipped. Moreover, foreign countries also had expressed interest in purchasing it. In other words, "Artemis" would become a source of foreign currency revenues.

Of course, the system was not going to be 100 percent Greek. Its technology was based on four foreign firms. Nevertheless, a significant portion of the weapons system--except for its electronics components--was to be built in EVO plants. Also, Greek industries expected that they could project the system as a Greek product on foreign arms markets.

Suddenly things changed. Enthusiasm over emphasis on "stick to the Greek" dropped when EVO's management changed. The new managers began showing less zeal. At the same time, it was disclosed that they were giving orders to have production processes on the "Artemis" stopped. Even the army was made to appear as not being interested in the system. Reports circulated that the army leadership reportedly recommended that the military continue being equipped with the Swiss "Erlikon" system that in the Greek military is called "Velos."

The matter has begun to be of concern to those employed by EVO. A stoppage in production perhaps means a shutdown of the plants and perhaps unemployment. Management has begun to be criticized for handling the situation in a way that tends to convert EVO into an "ailing and problem" company. Indifference over an

investment of 1.8 billion drachmas, that is going "awry," is being emphasized. It is also being noted that in 1986 the firm had unjustifiable losses. As a result, the workers' union is making preparations for a strike in view of changing the present situation.

What is actually being concocted? EVO's management avoids answering clearly. It limits itself to press bulletins that lend themselves to various interpretations. The only clear thing is that "Artemis" has lost out as far as priority is concerned and that "Erlikon-Velos" is gaining ground.

On the basis of what criteria are options changing? We do not know. Only conjectures can be made. The essence of the matter is that there are behind the scenes activities, that the "Velos," although an imported "package," stands ahead of the domestic--at least to a great extent--"Artemis," that a struggle among various interest groups is taking place, a struggle in which Americans and other foreign multinational firms are involved. The Americans are reportedly openly opposed to "Artemis."

We feel that the government must become communicative and explain what is going on. If there is a change in its options, as the situation reveals, then it must provide a convincing reply so that the uproar might stop. When such an uproar takes place in areas related to procurements possible talk of scandals ensues.

Weapons sales in our time constitutes some of the most profitable "business." However, the building and supply of weapons systems has a direct relationship with the readiness and operational capabilities of the armed forces. This has to do with a defense policy matter, a critical national matter with which "games" cannot be played.

We consider it obvious that a responsible answer is needed. Not half-truths.

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CSO: 3521/98

## COUNTRY CALLED UNDEFENDED STRATEGIC TARGET

Lisbon TEMPO in Portuguese 12 Feb 87 p 8

[Commentary by Helder Freire, based on cited interview with Alvaro de Vasconcelos, president of the Institute of Strategic Studies, date and place not given; first paragraph is TEMPO introduction]

[Text] Let us imagine that the POLISARIO Front [Popular Front for the Liberation of Seguia el Hamra and Rio de Oro] got tired of seeing the Portuguese fishing vessels off the Saharan coast and decided to retaliate by invading the island of Madeira; that Colonel Qadhafi thought we were collaborating too closely with the North Americans and decided on a high-altitude raid over Lisbon; that there was a great flood, a disaster, a serious epidemic. What would happen to the Portuguese? Would there be chaos?

Last week's parliamentary debate revealed that, in matters of defense, /we are undefended/ [in italics]. This was even confirmed by Alvaro de Vasconcelos, president of the Institute of Strategic Studies, who agreed to provide us with some revealing explanations about the current situation and the danger to which we are subjected in the event of a conflict. It is an improbable but not impossible scenario.

If there were a serious accident involving a freighter in the port of Lisbon, could we handle the problem without resorting to foreign assistance? If someone mined our ports, where are the mine sweepers? If someone decided to attack the mainland by air, where is the high-altitude antiaircraft artillery? Only Lisbon has a rudimentary antiaircraft defense system and all the other cities are unprotected.

Meanwhile, Portuguese pilots are being trained in the FRG to operate with radar planes and there is the possibility that one of them could come to stay with us for more or less extended periods, on the pretext of maintenance.

On the other hand, there are proposals for agreements with Spain regarding the detection component of the defense area. These negotiations are not concluded however, which means that we are, to some extent, at the mercy of fate--keeping our fingers crossed that no serious conflicts will arise--and of our NATO partners.

## Preferred Target

Contrary to how it might appear, particularly because we are peaceful people, known for our mild ways, Portugal is a preferred target in case of conflict in the Middle East, for example. This was the first question we put to Dr Alvaro de Vasconcelos. His reply:

Vasconcelos: In fact, because we participate in NATO and have bilateral military relations with the United States and even have a base--Lajes--used by the North Americans, which could be used as a launching site for an attack against Middle Eastern countries, Portugal could be the victim of retaliation by these countries, which would not be anything new. Remember that, during the 1973 Yom Kippur war, because the Americans used the Lajes base, there was a petroleum boycott against Portugal.

And this was not the only reaction from the Arab world. In effect, from that time on, Qadhafi has claimed that the Azores and Madeira are part of Africa. This is no accident.

TEMPO: For example, regarding the attacks by the POLISARIO Front against Portuguese fishing boats, what means do we have to avoid this situation?

Vasconcelos: When this happens, what follows? There are Spanish ships nearby which show up, assist the fishing vessel, and so on. Well, we Portuguese and our Navy, with the means we already have, not to mention those which are on order, such as the frigates, are quite reasonably capable of maintaining warships in the zone to protect the Portuguese fishing boats, which we are not doing now.

TEMPO: Why not?

Vasconcelos: This is not so much a military question; it is rather for financial reasons. Moreover, our policy has been one of caution, concluding that it might go better for our fishing boats if we did not keep Portuguese naval vessels in waters claimed by the POLISARIO. This attitude, while prudent, may not necessarily be correct. But we have the military means to make trouble for the POLISARIO if we wished.

But the problem is not just with the POLISARIO Front. The Portuguese nation has adopted a position which could be considered excessively cautious, for example, in the face of the abduction of Portuguese citizens in the Portuguese-speaking African countries.

Let us say, for example, that UNITA and the RENAMO were kidnaping Portuguese citizens, as has already happened. It would be unbelievable that these groups could then hold a press conference in Lisbon. Yet they have done this. If this were to occur in the United States, France or any other European country, you can imagine what would happen.

First To Die

TEMPO: In the event of a generalized conflict, what role would Portuguese territory play in a war of this type?

Vasconcelos: In that case, our territory would be one of the preferred targets. Not that the Soviet Union would want to make use of our territory. Its objective would be to prevent the United States from using it. The targets would be our ports and airports, so that the Americans could not strengthen the defenses of the rest of Europe.

From these brief statements of Dr Alvaro Vasconcelos, it may be concluded that the geostrategic importance of the Portuguese mainland and islands is too great for the scarce means of defense at our disposal. In other words, in the event of conflict, we would be the first to die.

In effect, with the means at our disposal, most of which date back to World War II, we could do nothing to prevent an invasion, other than an immediate resort to acts of heroism.

The cemeteries are filled with heroes, however, and we would not even gain very much by this.

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CSO: 3542/68

MILITARY

SPAIN

## DEFENSE INDUSTRY, FOREIGN CONTRACTS DETAILED

Madrid EL PAIS in Spanish 2 Mar 87 p 14

[Article by Javier Rivas and Carlos Yarnoz]

[Text] Madrid—Spain produced arms valued at over 200 billion pesetas last year, but this figure is some 30 billion pesetas lower than that recorded last year, which was between 225 and 230 billion pesetas, according to figures compiled by the manufacturers. Sources in this sector, which employs more than 35,000 people, contend that it is undergoing a crisis because of the lack of coordination with the Defense Ministry when it comes to determining in advance the needs of the Spanish armies and establishing specific criteria for exports. Sales abroad in 1986 amounted to about 100 billion pesetas (some 28 billion less than in 1985), but in the last 2 years the private firms have exported more than their public-sector counterparts. In 1985, 53 percent of exports corresponded to private companies.

Since the merger of the military plants in Trubia, Valladolid, Murcia, and La Maranosa into the Santa Barbara National Enterprise (they had previously come under the General Office of Arms and Materiel, DGAM), Spanish weapons manufacturers can be divided into three groups. The first consists of the firms that make up the Defense Division of the National Institute of Industry (INI), as the Santa Barbara, Bazan and Aeronautical Constructions, Inc. (CASA) National Enterprises. The second group is made up of other INI enterprises that produce significant quantities of military materiel, such as the National Motor Truck Enterprise, Inc. (ENASA), the National Electronics and Systems Enterprise (INISEL), and the National Optics Enterprise, Inc. (ENOSA).

The third group corresponds to the private firms, including Explosivos Alaveses, Esperanza y Cia., Instalaza, Astra, Star, Ceselsa, Ibermisil (recently created), and Talbot.

According to the INI year-end report, in 1985 (the last year for which a report has been published) the three Defense Division enterprises named above exported a total of 46,169,217,000 pesetas.

Bazan, which is experiencing serious problems and whose losses exceeded 13 billion pesetas in 1985, exported a total of 4.581 billion pesetas in 1985, barely 7 percent of its billings. Bazan patrol boats and corvettes are

exported to about eight countries, including Morocco. Last October Bazan signed a contract with that country for the sale of six patrol boats for a total of 13 billion pesetas.

Santa Barbara has also been plagued with difficulties. In 1985 it lost more than 7 billion pesetas, and it had a labor surplus of nearly 2,000 employees. In addition, the company was left practically pilotless when its president, Manuel Esteve, resigned in August 1986. It did not get a new leader until last December, when the government named current President Juan Luis Ruiz Nunez. In 1985 this firm exported a total of 6.661 billion pesetas in goods, with billings of 18.634 billion pesetas.

#### Santa Barbara's Problems

One indication of Santa Barbara's problems may be the fact that in February 1986 the enterprise lost a contract for the sale of 500 5.56 mm Ameli light machine guns to the United States Navy, which decided to accept a bid from Singapore.

Santa Barbara, which manufactures Teruel missile launchers, the AMX-30 combat car (under license from France), recoilless guns, machine guns, and rifles, exports to some 21 countries, including Chile, Egypt, Libya, Morocco, Nicaragua, and Tunisia. The firm has also supplied, at least through the end of 1983, guns and various types of ammunition to Iran. Santa Barbara owns 100 percent of the stock in CETME, a company basically involved in the manufacture of machine guns and assault rifles. In 1985 CETME's exports were valued at 82 million pesetas, 3.6 percent of its billings.

Aeronautical Constructions, Inc. (CASA) is the only one of the three enterprises in the division to have a positive balance in 1985, registering a profit of 1.638 billion pesetas. Its exports totaled 34.927 billion pesetas that year, 74 percent of its billings. CASA produces the famous Aviocar C-212 cargo jet; by the end of 1986 it had sold 396 of these units abroad.

The INISEL group, of the INI Electronics and Informatics Division, sells some 15 billion pesetas' worth of military goods, more than half the group's total sales.

The private companies in this sector exported nearly 66 billion pesetas in weaponry in 1985, compared to about 59 billion pesetas for the public-sector firms. The highest sales volumes were reported by Gamesa, Expal, Esperanza y Cia., and Instalaza.

Esperanza y Cia., a manufacturer of mortars and mortar ammunition, bills some 3 billion pesetas a year, of which foreign sales account for 70 percent. At present a decision is pending on the awarding of a U.S. Army contract for 120 mm mortars, valued at approximately 10 billion pesetas.

Talbot has developed the Cazador antitank system, which has aroused the interest of various Arab countries. It also manufactures components and engines for military vehicles. Its defense division exported a total of 375 million pesetas in 1985.

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